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WORLD NEWS

'Rhoda the Rhino' jibe at Thatcher

Shadow Foreign Secretary Denis Healey yesterday sharply criticised Mrs Thatcher's performance during her Asian tour. He accused her of spending most of her time "gloating to foreigners" about her "humiliation" of British trade unionists, pausing only to "rubber-stamp" cabinet colleagues like poor Sir Keith Joseph. He said: "Rhoda the Rhino has never had a more ruinous rampage."

Labour leader Neil Kinnock also attacked her for "parading her prejudices and defaming her own people." Back Page

BA sets Laker deadline

British Airways gave Laker Airways creditors until Wednesday to accept a deal, thought to be worth £47m, settling claims arising from Laker's collapse in 1982. Back Page

Polish sanctions claim

Western sanctions on Poland had hindered the liberalisation which the West hoped to promote, Polish leader Gen Wojciech Jaruzelski told Foreign Secretary Sir Geoffrey Howe in Warsaw. Page 2

Anger at Reagan visit

An angry row blew up over President Reagan's plan to visit a German military cemetery while in Germany next month, after deciding not to go to Dachau concentration camp. Page 2

Spanish abortion moves

Spain's Government drew up plans to ease abortion laws, after the highest court rejected its original draft as unconstitutional. Page 2

Galm over airport fears

British airlines reacted calmly to reports that Spanish air controllers were complaining about "dangerous" conditions at many Spanish airports. Page 4

MP to stand again

Brent East Labour MP Reg Ffrench, said he would stand for re-election, opposing GLC leader Ken Livingstone's attempt to be nominated as candidate. Page 2

Centrist tipped in Peru

Centrist opposition leader Alan Garcia was tipped to win tomorrow's presidential and congressional elections in Peru. Page 2

Tokyo fire bombs

Fire bombs launched from a truck closed Tokyo's Narita airport for 90 minutes. Police blamed protesters objecting to the building of a second runway. Page 2

Sudan talks 'progress'

Civilian groups reported progress in talks with Sudan's military rulers on setting up a caretaker government. Khartoum airport reopened after an eight-day closure. Page 2

16 die as train hits bus

Sixteen people died and 14 were injured when a freight train hit a bus at a level crossing in Buenos Aires. Page 2

Jane returns at 53

Comic strip character Jane, a feature of the Daily Mirror from 1932 to 1969, is to return to help boost flagging sales. Publisher Robert Maxwell said she would teach readers how a video works and how not to get AIDS. Page 2

MARKETS

DOLLAR	
New York lunchtime:	
DM 8.675	
FFr 9.335	
Sfr 2.5668	
Y251.25	
London:	
DM 8.051 (8.0765)	
FFr 9.315 (9.395)	
Sfr 2.5658 (2.599)	
Y250.85 (251.9)	
Dollar Index 145.3 (146)	
Tokyo close Y251	
U.S. LUNCHTIME RATES	
Fed Funds 8 1/4%	
3-month Treasury Bills 8.02%	
Long Bond 8 1/4%	
yield: 11.4	
GOLD	
New York: Comex April latest	
\$329.5	
London: \$329 (\$331.25)	
Chief price changes yesterday. Back Page	

BUSINESS SUMMARY

Entrad raid nets 28% of Tootal

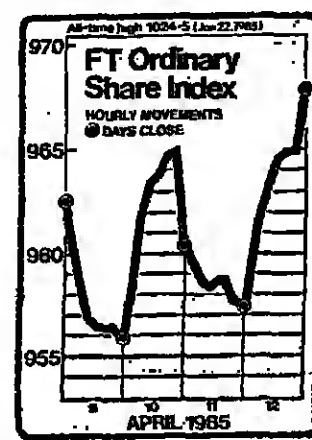
TOOTAL, Textile and thread division of B.L. and Honda have acknowledged they are looking at much broader collaboration, including spare capacity to assemble the Japanese car company's models for UK sale.

A formal announcement of the alliance is expected by mid May by which time B.L.'s corporate plan is due to have received final approval. Back Page

AUSTIN ROVER, volume car division of B.L. and Honda have acknowledged they are looking at much broader collaboration, including spare capacity to assemble the Japanese car company's models for UK sale.

A formal announcement of the alliance is expected by mid May by which time B.L.'s corporate plan is due to have received final approval. Back Page

STOCK EXCHANGE enjoyed its best day for several weeks with the FT Ordinary Share Index closing 10.4 up at 987.8, the



highest of the session, after larger base rate cuts than expected from some banks surprised markets. Page 22

BANK OF ENGLAND has set a May 3 deadline for applications from financial groups seeking to become market makers in the restructured securities market. Back Page

JAPAN'S Prime Minister Mr. Yasuhiro Nakasone admitted his country had miscalculated in handling car exports to the U.S. by setting a specific figure. Back Page

WEST GERMANY is further liberalising its capital markets by letting foreign banks' subsidiaries lead management foreign D-Mark bond issues from May 1. Japanese banks will be excluded until Japan opens its financial markets further. Page 19

BRITISH RAIL warned the National Union of Railworkers it would take legal action if the NUR proceeded with a one day strike in Scotland against job losses. Page 4

DRUGS PRICES: Nearly all leading pharmaceutical companies supplying the National Health Service have agreed to cut prices in line with Government targets. Page 4

BRITISH PETROLEUM-led oil consortium at Wytch Farm, Dorset, has received planning permission to start expanding production from 5,000 to 60,000 barrels a day. Page 3

HAWKER SIDDELEY, electrical and mechanical engineer, reported pre-tax profits of £151.5m last year against £137.5m after overseas operations offset lower UK returns. Page 18

STERLING	
New York lunchtime \$1.2545	
London: \$1.257 (1.248)	
DM 8.845 (8.8375)	
FFr 11.705 (11.725)	
Sfr 2.225 (2.245)	
Y215.5 (214.5)	
Sterling Index 78.4 (78.2)	
LONDON MONEY	
3-month interbank:	
closing rate 12 1/4% (12 1/2)	
3-month eligible bills:	
buying rate 12 1/4% (12 1/2)	
STOCK INDICES	
FT Ind Ord 987.8 (+10.4)	
FT-A All Share 614.73 (+0.4%)	
FT-SE 100 1,557.8 (+8.5)	
FT-A long gilt yield index:	
High coupon 10.51 (10.51)	
New York lunchtime:	
DJ Ind Av 1,262.7	
Tokyo:	
Nikkei Dow 12,588.01 (+14.21)	

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Weather	10
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Bids. Soc. Rates	8
ANNUAL STATEMENTS	
Family Invest. Test	8
American Trust	18
SAVINGS OFFERS	
Arbuthnot	1
Bank of Scotland	2
Baring Fund Mngs.	3
Equity and Law	6
Keir, Benson Inv.	7
Home Growth	7
Nation. Bids. Soc.	7
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U.S. offers to host monetary meeting

BY DAVID HOUSEGO IN PARIS

THE U.S. offered yesterday to host a meeting of industrialised nations to consider improvements in the working of the monetary system. The move was widely interpreted as an attempted resurrection of U.S. economic leadership.

The unexpected initiative, announced by Mr James A. Baker, the new U.S. Secretary of the Treasury, at the annual meeting in Paris of the 24-nation Organisation for Economic Co-operation and Development, drew a mixed reaction.

Some participants thought it reflected a substantial shift in U.S. attitudes toward greater co-operation in international economic affairs after a long period in which the Reagan Administration had often not heeded the international repercussions of its domestic policies. The shift comes at a time of increasing U.S. concern that Europe and Japan should pick up the momentum in world growth as the U.S. economy slows down, and of U.S. worries at the dangers of a possible sharp fall in the value of the dollar.

Others took a more cynical view that the hastily-conceived move was an attempt to seize bold of the chairmanship and agenda of a conference on monetary reform that the U.S. feared could otherwise get out of control. In particular, the U.S. is anxious to resist French pressure that discussions among officials of the Group of Ten

major industrialised nations on improvements in the working of the monetary system might be transformed into a major Bretton Woods-style conference on overhauling the international monetary system. Industrialised nations at their two-day meeting agreed that preparatory talks would start before the end of the summer on the agenda for a new round of multilateral trade talks. But

In contrast to recent years there was a surprisingly strong consensus within the industrialised group on the need to continue pursuing present macro-economic policies. The communiqué laid emphasis in particular on the need for medium-term adjustments to remove rigidities in the labour market and in other areas of national economies.

The U.S. toed down references in the final communiqué to the need for cutting the size of its budget deficit, while Japan softened the communiqué's language on the tensions produced by its trade surplus. The U.S. initiative was prepared overnight and launched without consultation with America's partners, or with organisations like the International Monetary Fund, which has been at the centre of discussions on reforming the monetary system.

Mr Baker phrased it cautiously, saying that the U.S. was "prepared to consider the possible value of hosting a big-level meeting. In the U.S. view this would focus in particular on convergence of economic policies and assuring exchange rate stability, and on IMF surveillance of countries' economic performance."

Mr Baker said at a Press conference last night that the U.S. was ready to play "a leadership role on monetary issues, and that this is appropriate for the world's largest economy."

U.S.-Japan trade and Editorial Comment, Page 16
Man in the News and Japan admits car exports "error," Back Page

Trade Union Act 'would make TGWU poll illegal'

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE GOVERNMENT indicated last night that the disputed Transport and General Workers' Union election would have been unlawful under the new terms of the 1984 Trade Union Act. At the same time, TGWU leaders in Ireland announced an internal inquiry into allegations of ballot-rigging.

Mr Tom King, the Employment Secretary, who says the allegation about last year's TGWU general secretary election gave rise to serious concern, made it clear that the ballot would fall outside the terms of the provisions of the Act when they become law in October.

Mr King's statement was clearly designed as a warning against future malpractices in the TGWU and other unions. But it may be seized upon as an indication that action could be brought against this ballot when the relevant provisions of the law come into effect.

While making it clear that he was not commenting on the TGWU election in particular, which was workplace-based, Mr King said last night that the

Act contained a clear presumption that all such ballots must be postal.

"Only if the vote passed 'stringent tests'—of secrecy, of freedom from malpractice and interference, and most importantly, of giving every member the opportunity to vote at a time and place convenient to them—would workplace balloting be sanctioned."

Mr King spelled out these requirements after it had been suggested that the TGWU election would have complied with the Act. Mr George Wright, Wales regional secretary and runner-up in the election—won by Mr Ron Todd—yesterday repeated his call for a re-run of the ballot.

But he said he did not want a personal and public exchange with Mr Ron Todd, the retiring general secretary or Mr Todd. His call was backed yesterday by Mr John Cousins, general secretary of the Clearing Bank Union.

Mr Cousins, who lost to Mr Evans in 1977 election, supported Mr Todd in the 1984 election, but said the ballot must be held again, by post, under the auspices of the Electoral Reform Society.

He said he was concerned too about irregularities in the 1977 election but said Mr Evans' margin of victory had been so great he had chosen to do nothing. Mr Todd said it would be "totally inappropriate" to comment.

Meanwhile, Mr John Freeman, secretary of the TGWU's Irish region, announced an inquiry into the ballot there. Voting in the Irish region has been heavily criticised, including most recently poll evidence on BBC TV's Newsnight programme. This found a turn-out in three key branches less than half that claimed within the union.

Freeman said he had asked the union's officers to give him a complete run-down of the preparations for the poll, including precise details of how and where ballot boxes had been distributed.

McDONNELL DOUGLAS, the U.S. aerospace company, is to help China establish a jet aircraft industry under a co-production agreement signed yesterday.

The deal provides for the sale over the next six years of 26 of a version of the group's MD-80 airliner, the MD-82. All but one of these will be assembled in China by the Shanghai Aviation Industrial Corporation, a Chinese-owned company whose 10,000 workers will be trained by McDonnell Douglas.

The St Louis-based group would not say yesterday how much the contract was worth. But based on the current price of between \$20m (£15.9m) and \$25m for the MD-80, the aircraft alone will cost well over \$500m, and the final value of the deal could be in the region of \$1bn after spares and training are taken into account.

The Chinese aircraft industry does not make jets at present, although the Shanghai concern recently developed and built a training aircraft. China's national airlines fly two imported MD-80s and some Boeing aircraft.

McDonnell Douglas has been negotiating with the Chinese for the last six years, having clinched an initial manufacturing agreement with them as suppliers of landing gear parts for the MD-80. The U.S. company said yesterday that the Chinese had been excellent suppliers, always delivering high quality products on time.

Under the delivery schedule for the aircraft, a U.S.-built unit will be shipped from the Douglas plant in Long Beach, California, later this year. Assembly of the Chinese-built aircraft, due to go into service in 1987, is to begin next year from sub-assemblies put together in either the U.S. or in China.

To hold to this tight delivery schedule, a training programme involving the exchange of hundreds of workers is due to start shortly. The twin-engine MD-80, originally launched in 1977, is a derivative of the DC9. It is capable of carrying about 150 passengers up to a range of 2,360 miles. McDonnell has won several recent orders for the MD-80, including a contract from American Airlines for 67 units, with another 100 options.

Deadline for Laker creditors, Back Page

Barclays and Midland cut rate

BY PHILIP STEPHENS

BARCLAYS AND Midland banks yesterday cut their base lending rates by 1 percentage point to 12 1/2 per cent in response to continuing gains for sterling on foreign exchange markets. The two banks undercut the 13 per cent rate set in late March by National Westminster and Lloyds as the pound's strength this week against both a weakening dollar and against European currencies brought a significant fall in wholesale interest rates.

The Bank of England, however, which had endorsed the move to 13 per cent, insisted that the dealing rates it sells for its own operations in the money markets would remain unchanged for the time being.

This was seen in the City as indicating that the authorities wanted to see base rates consolidate at 12 1/2 to 13 per cent and to avoid another leapfrogging move by National Westminster and Lloyds to 12 1/2 per cent.

Barclays would not have made the 1 point cut, however, without at least tacit approval from the Bank.

National Westminster and Lloyds are expected to see how its official 6-10 per cent target range.

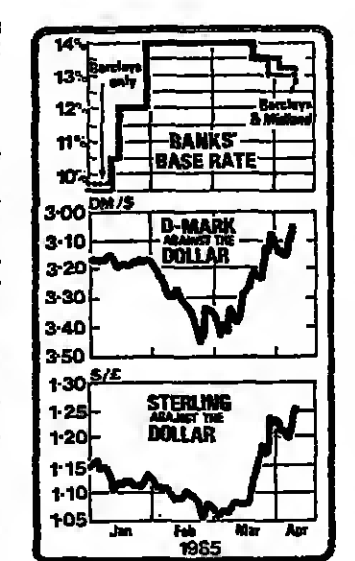
Building society receipts fall, Page 3
Estate agents: revolution among for sale boards, Page 17
Lex, Back Page

sterling performs early next week before deciding whether and by how much they might cut their rates.

The building societies said yesterday they would need base rates to come down to about 12 per cent before they would review their mortgage rates, currently an average of 14 per cent.

The view in the City last night was that if the dollar continued to fall and the pound appreciated further against European currencies, then pressure would mount for a cut in rates to 12 1/2 per cent.

The Bank of England is keen that interest rates should not fall too quickly until the money supply is under firmer control. Figures published earlier this week showed that sterling M3, the broad money supply measure, was still at the top of



its official 6-10 per cent target range.

Its refusal to endorse immediately a small cut in rates may also have been a tactical move to convince financial markets that its commitment to tight control of the money supply remained firm.

Last year the credibility of the Government's anti-inflation strategy was undermined by what was seen in the City as a policy of interest rate cuts at every opportunity.

Against that it is unlikely that the Treasury would like to see sterling rise much further against European currencies, suggesting that it will accede in small interest rate cuts if dictated by market pressures.

On foreign exchange markets yesterday the pound fell only briefly in response to the base rate cut as the decline of the dollar generated a renewed flow of funds into sterling.

The pound closed in London 0.9 cents higher at \$1.2570, while gains against other currencies were reflected in a 0.2 point rise in the sterling index to 78.4.

The dollar, which had fallen steadily throughout the week, suffered further losses against all currencies amid generally bearish sentiment on the outlook for the U.S. economy.

It closed in London at DM 3.0510, 2.55 pence lower than on Thursday and at its lowest level since last November.

Shuttle blasts senator into space

By Paul Taylor in New York

THE U.S. space shuttle, Discovery, blasted off its Cape Canaveral launch-pad and thundered into orbit yesterday carrying a closely-monitored Senator Jake Garn among a seven-member crew on a much-delayed five-day mission which finally got off the ground with just one minute to spare.

Senator Garn, the 52-year-old Utah Republican and former Navy pilot who flew the B1 bomber years ago "in defence of the country," heads the Senate subcommittee which oversees NASA's multi-billion-dollar government funding as well as the powerful Senate Finance and Banking Committee.

He is the first politician to be sent into space—although same trays have suggested he should not be the last.

The Utah Senator, who has for long wanted a shuttle flight, has been accused by other critics of taking the ride "for fun." But he has staunchly defended the trip on the grounds of his responsibility for congressional oversight of the shuttle programme.

Aside from deploying two communications satellites, including a \$78m Canadian one owned by Telesat with a "for sale" sign on it, the mission will conduct a wide range of experiments including a detailed seismological study of weightlessness.

As part of the study, the crew will observe a colony of house flies and play with a spinning top, jacks, a yo-yo, paper airplanes and other toys. But it will not be all fun and games, especially for Senator Garn. He has volunteered to be a guinea-pig for a series of medical tests aimed at studying the body's response to weightlessness and at coming up with some answers to the problem of motion-sickness, which has plagued previous space flights.

As the shuttle raced into orbit 150 miles above the earth, Senator Garn's bodily functions were being monitored by five sensors on his head, four on his stomach and three on his chest.

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OVERSEAS NEWS

Howe told of 'perverse effect of sanctions'

BY CHRISTOPHER BOBINSKI AND DAVID BUCHAN IN WARSAW

GENERAL Wojciech Jaruzelski, Poland's military leader, yesterday told Sir Geoffrey Howe, Britain's Foreign Secretary, that the Western sanctions policy had had a perverse effect on Poland, hindering the very liberalisation moves which Sir Geoffrey had so stressed during his visit to Warsaw.

In a two-and-a-quarter-hour exchange of views, said to be the most candid that the Polish leader has had with a Western Foreign Minister, Gen Jaruzelski claimed he wanted a Poland without political prisoners, but gave no hint that any of the 100 or so recently arrested would soon be freed.

Sir Geoffrey found that ministers here, unlike in his stops in East Germany and Czechoslovakia earlier this week, invited discussions on internal developments in an effort to win understanding for the Polish Government's predicament.

But nonetheless, the Foreign Secretary went ahead last night with planned meetings with supporters of the banned Solidarity movement and a visit to the

North Warsaw grave of the murdered Solidarity priest, Father Jerzy Popieluszko, to sign the visitors' book in the local church there.

Despite the fact that these gestures drew Polish official disapproval and a partial boycott of a British Embassy reception, Sir Geoffrey has detected a "genuine disposition" to improve relations, partly in view of Poland's current political problems with France and West Germany.

Polish Ministers put economic issues to the fore, thanking Britain for its support for Poland's membership of the International Monetary Fund, but urging it to provide fresh credit to complete marooned projects in the plastics and tractors sectors begun with British technology.

Sir Geoffrey gave a very qualified hint that Britain would consider extending some new credit, but only after Poland signs the Paris Club agreement rescheduling payments falling due in the past three years, and covering \$12bn (£10.9bn).

Worner under fire over choice of radar system

BY PETER BRUCE IN BONN

HERR MANFRED WORNER, the West German Defence Minister, has run into a storm of criticism in Bonn over his decision to lift objections to the installation of a U.S. air identification system in all Nato aircraft, instead of a technically superior system developed by Siemens.

The so-called Identification Friend or Foe (IFF) systems in aircraft and on the ground exchange radar signals which enable them to be identified as friendly. But the U.S. system, which Herr Worner finally agreed to use during a recent trip to North America, operates on the same frequency bands as current civilian air traffic and the Germans had for many years argued that this could cause confusion.

With the value of orders for

replacement of Nato's current and antiquated IFF system being estimated as high as \$12bn (£9.6bn), the reaction of disapproving German military officers, industrialists and politicians to Herr Worner's about-turn has been harsh.

West German news agencies have been quoting unnamed senior officers in the Defence Ministry as being "extremely angry" about the move, calling it "inexplicable" and members of Herr Worner's own Christian Democrat (CDU) party have accused him of being "ready to do only what the Americans want him to do."

For his own part, Herr Worner seemed later to be trying to soothe ruffled feathers, arguing that the deal with U.S. Defence Secretary, Mr Gaspar Weinberger, remains an "unlaid egg."

Reagan may think again on German graves visit

By Nancy Dunne in Washington

WHITE HOUSE officials say they may reconsider a controversial planned stop-off during President Ronald Reagan's European Trip when he is scheduled to lay a wreath at the Bitburg German military cemetery on May 5 to demonstrate "a spirit of reconciliation."

The visit to the graves of German soldiers has caused an uproar, particularly among Jewish leaders who have already criticised the President's decision not to visit the site of Dachau Concentration Camp.

President Reagan was reluctant to visit the Dachau site for fear of reopening old wounds—"a decision we take strong issue with," said Mr Daniel Tamm, executive vice-president of B'nai B'rith International.

But his willingness now to visit a German military cemetery shocks us, precisely because it reopens old wounds among former American soldiers, the soldiers of our allies, and the families of all the victims who fell to Nazi Germany's madness.

For the White House, the controversy is the latest in a series of diplomatic dilemmas encountered while trying to stress peace and economic co-operation between former enemies.

The cemetery visit was an attempt to defuse last year's criticism in the German press when Germany was omitted from the observances of the 40th anniversary of the Normandy landing.

The current White House plans call for the President to visit the cemetery, accompanied by West Germany's Chancellor Helmut Kohl, after the Bonn economic summit on May 2-4 and before visiting Bitburg Air Base.

U.S. producer prices rose a moderate 0.2 per cent in March, the first increase in wholesale prices this year, the Labour Department reported yesterday, Stewart Fleming reports.

Goods other than food and energy were responsible for the increase.

Separately, the Commerce Department reported another increase of 0.4 per cent in business inventories. The Federal Reserve Board reported a strong \$10.37bn (£9.4bn) rise in consumer credit for February.

Doreen Gillespie looks at the prospects for tomorrow's election

Garcia tipped to win Peru poll



Police break up a union demonstration in Lima

THE CAMPAIGN for tomorrow's presidential and congressional elections in Peru wound up here yesterday with commentators tipping Sr Alan Garcia, the 35-year-old leader of the centrist opposition party, Apra, as the likely winner.

Sr Garcia has consistently led the polls, but the electoral laws have prevented any surveys since the end of March. Then he was given a 25 per cent lead.

In a lacklustre campaign with few of the country's serious economic and social problems debated, Sr Garcia has based his appeal on his youth and a call for a new national consensus.

Apra (Alianza Popular Revolucionaria Americana) was formed in the late 1920s by the radical leader Sr Victor Raul Hays de la Torre and has never yet gained power.

However, the chances of an outright victory by Sr Garcia have been lessened by a recent court ruling that includes voiding blank votes in the count.

Polsters are predicting that despite symbols to aid illiterate voters, as many as 19 per cent of the votes cast could be null or blank.

In the region of Ayacucho south of here in the Andes, a massive operation has been mounted with 70,000 members of the security forces mobilised

to protect voters from death threats by the Maoist guerrilla group, Sendero Luminoso (Shining Path).

Unless the leading presidential candidate gains an absolute majority of the votes cast, a second round will be held in June. Nine candidates are contesting the presidency, the second such election in five years, following 12 years of

military rule.

Lima's charismatic Marxist mayor, Sr Alfonso Barrantes, heading a broad left coalition, Izquierda Unida, is the closest rival to Sr Garcia.

A dark horse could be the 66-year-old Sr Luis Bedoya, twice elected mayor of Lima in the 1960s, who leads a Convergencia Democrática alliance between the right of centre

Partido Popular Cristiano and a splinter Apra group.

Little chance is given to Sr Javier Alva (Luminoso) of the ruling Accion Popular. He has suffered from popular disaffection with the economic policies of President Fernando Belaunde Terry.

In the first quarter of the year, prices have already risen by one third and the sole has devalued 45 per cent against the dollar. Economists foresee little short-term prospect to make good the 12 per cent drop in growth in 1983. This year the economy is expected to grow only 2 per cent.

Sr Garcia has been deliberately vague in his election programme so as to allow him enough flexibility to fight either a Marxist opponent, Sr Barrantes, or the conservative Sr Bedoya, in the run-off.

Nevertheless, all the main candidates have made tough statements on Peru's \$13bn (£10.6bn) foreign debt. These have all said that debt service should not exceed 20 per cent of exports. Peru has commercial bank arrears of \$150m and a further \$700m outstanding to Paris Club governments.

Voters will also elect 180 members to the Lower House of Congress and 60 to the Senate.

Ramphal warns of danger if World Bank talks fail

BY HUGH O'SHAUGHNESSY

DEFAULTS by the world's debtor countries will become increasingly common if next week's talks between developed and developing countries at the World Bank and the International Monetary Fund in Washington fail, according to Mr S. S. Ramphal, the Commonwealth Secretary-General.

Mr Ramphal was speaking in London in advance of the meetings of the IMF Interim Committee on Wednesday and of the World Bank's Development Committee on the two succeeding days.

"Urgent action is needed," he said. "It must not, however, be confined to trade matters as some of the more powerful developing countries are insisting. It must extend to financial and currency matters."

Criticising what he called the developed countries' lack of concern for the debt-burden and financial problems of the

world's poorer countries he said: "We have come from a conspiracy of silence, during which many people pretended there was no debt crisis, to a conspiracy of tinkering."

Despite the urgency of the need for action on Third World debt, Mr Ramphal underlined the difficulties facing the participants in next week's meetings. "The developed countries have not been able to co-ordinate their policies, though they work closely within the Organisation for Economic Co-operation and Development."

In a submission made last week to the Development Committee on behalf of the Commonwealth Secretariat, Mr Ramphal called for plans to be drawn up "to cushion the damage to growth in debtor and creditor countries, to international capital flows and to financial institutions" in the event of substantial defaults by debtor countries.

Authorities in Sudan reopen Khartoum airport

BY OUR MIDDLE EAST STAFF

THE SUDANESE authorities reopened Khartoum airport yesterday for the first time since last weekend's military coup overthrew the regime of Mr Jaafar Nimeiri.

The move came as professional and political organisations reported further progress in their talks with the 15-man transitional military council headed by General Abdul Rahman Swaraddhab. The negotiations have centred on the formation of a caretaker government and an eventual return to full civilian rule.

Civilian representatives said yesterday that the military council had agreed to stand down after 12 months and that there was a broad measure of understanding on the composition of the interim cabinet.

Mr Adnan el-Kharyado, speaking for the alliance of non-military organisations, commented:

"The military have accepted the framework presented by the alliance and will limit the transitional period to one year."

However, he also confirmed that during this period the military would retain ultimate power. The alliance, which organised the strikes and protest demonstrations leading to the overthrow of President Nimeiri, has submitted a list of candidates for possible inclusion in the interim cabinet.

It has also proposed that none of the members should have political affiliations in order to facilitate agreements on measures to tackle the country's "serious problems." Meanwhile, General Swaraddhab has opened negotiations with leaders of the Sudanese People's Liberation Army in the south of the country who earlier this week had demanded a return to civilian rule within seven days.

France's inflation hopes suffer setback

By David Marsh in Paris

FRANCE SUFFERED a setback over its anti-inflationary policy last month, with prices rising by a relatively high 0.7 per cent as a result of a surge in import prices caused by the strong dollar.

Yesterday's provisional figures, showing a year-on-year increase in consumer prices in March of 6.4 per cent, unchanged from February, coincided with statistics showing France's economic growth last year as less than originally thought.

Since the official statistics body issued revised figures showing that gross domestic product last year grew by only 1.5 per cent in 1982 against the previous estimate of 2 per cent.

The Ministry said that the March figure was still in line with its forecast of an inflationary 4.5 per cent for the whole year.

Public sector tariff increases and other factors were expected to swell price pressures in the first part of the year, ahead of expected "inflation" in the second half.

Neves concern grows

Brazil's President-elect, Sr Tancredino Neves, is hovering yesterday between life and death after weeks in hospital. And in the past 10 days he has been given up for lost by his doctors. Late on Thursday night he was operated on again for the seventh time.

More trouble for the Neves Government, still to find its feet, has come from the two-day-old strike by an estimated 250,000 metalworkers in Sao Paulo state. The strike is in favour of a 40-hour working week, full correction for inflation in salary adjustment and other salary-related changes.

India machinery move

The Indian Government, announcing further liberalisation of its economic policy, said yesterday that it would withdraw a ban on imports of some machinery and high technology, AP reports from New Delhi. Mr Vishwanath Pratap Singh, Commerce Minister, told Parliament that private sector companies in automobiles, leather, electronics, jute, garments, and oil drilling would benefit.

China oil find

Shell Petroleum and Shell of the U.S. have made a rising oil find in the South China Sea, Dominic Lawson writes. It was the first well drilled by the consortium in their Chinese licence area. The well, drilled in 315 ft of water, 80 miles South East of Hong Kong, tested 6,840 barrels of oil a day. Phillips and Shell oil share the licence area 50/50 with Phillips operating.

Spanish air report

A report attributed to the Spanish airline pilots' union Sepia, calling for closure of Madrid, Malaga and other airports because of safety risks, was disowned yesterday by a senior official of the union, David White reports.

To his knowledge, the union's executive had not discussed the report and it was the sole responsibility of the pilot who made it, he declared. The allegations were "exaggerated and Spanish airports were not dangerous, as the report claimed," he added.

White House staff reorganised

PRESIDENT Ronald Reagan has announced a major reorganisation of the White House which is designed to streamline the way the executive functions, reports Stewart Fleming in Washington.

The change will bring two former top White House aides—the conservative Mr Edwin Meese, who recently took over as Attorney General, and the new Treasury Secretary, Mr James Baker—more directly into the interagency policy formulation process within the White House.

The new arrangement will eliminate seven Cabinet Councils dealing with topics such as commerce and trade, economics and legal affairs as well as the Senior Intergovernmental and International Economic Policy.

Thatcher inaugurates UK project in Sri Lanka

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT IN COLOMBO

MRS MARGARET THATCHER, UK Prime Minister, yesterday inaugurated Britain's largest completed overseas aid project, the huge Victoria Dam and hydro-electric scheme near Kandy, central Sri Lanka, which will provide power equal to about 35 per cent of the country's present total electricity generating capacity.

The scheme has been carried out by British contractors and consultants and was financed with the help of a £113m grant from Britain's overseas aid. Further British financial back-up of £20m was provided by the Export Credit Guarantee Department (EGGD) for the purchase of electro-mechanical and hydraulic equipment for the project.

Three British civil engineering companies—Balfour, Beatty Construction and Edmund Nuttall in a joint venture, and Costain International were the main contractors.

Mrs Thatcher, who was accompanied at the inauguration ceremonies by Sri Lanka's President Julius Jayewardene, issued a veiled warning that, while Britain hoped to continue its aid to Sri Lanka and contribute to its economic development, it would do so only in support of sound long-term policies.

Later, in Kandy, Mrs Thatcher firmly declined to become involved in the internal conflict between the Sri Lanka Government and the country's Tamil population.

Doubts surround a West African state's return to civilian rule

Liberia faces long haul to democracy

BY STEPHANIE GRAY

THE RELEASE from detention of four Liberian opposition politicians at the weekend has tempered widespread suspicions that the reported attempt on the life of Gen Samuel Doe, the country's leader, was a ruse that could have been used to delay planned national elections. Nevertheless, there is still much uncertainty about whether the general will stand by his pledge to return the country to civilian rule by the end of the year.

His own party, the National Democratic Party of Liberia, is the only one to have cleared the many hurdles placed in the way of official registration in advance of parliamentary and presidential polls set for October and November.

Gen Doe has been heavily backed by U.S. aid since, as master-sergeant, he took power in the West African state in a coup five years ago yesterday.

He ordered the execution at the weekend of Col Moses Flammaton, deputy commander of the presidential guard, who had confessed on television to attempted assassination.

The colonel had also claimed that four opposition leaders and a U.S. national, serving as a security adviser, had promised him \$1m if he succeeded.

The Liberian president later declared that an investigation by the security forces had found no substance to Col Flammaton's allegations.

Last week's events were particularly worrisome to the U.S. which attaches considerable importance to the transition to democracy in Liberia.



Gen Samuel Doe soon after his coup against the Talbot régime five years ago

tures of both Libya and Ethiopia to which the previous government of Dr William Tolbot had shown signs of susceptibility.

In the words of Dr Patrick Seyon, a former vice-president of the University of Liberia, in evidence to the U.S. Congress subcommittee on foreign affairs: "The present military régime has been sustained in power by American aid."

"It therefore becomes a moral duty on the part of the American people and government to ensure that Liberia is returned to a genuine, constitutional and democratically elected government."

Officials in Washington admit that it has been "hard to distinguish between attempted coups and criminal actions" in Liberia.

There have been six so-called attempted coups since Gen Doe became leader. Last week's attempt appears to have been genuine, although there have been no independent eye-witness accounts.

Gen Doe has claimed that Col Flammaton tried to murder him because the colonel was about to be named in a scandal involving missing funds at the Liberia Produce Marketing Corporation for which several top government officials have been brought to book.

U.S. concern about events in the country was heightened last August when troops put down a protest at the University of Liberia that followed the arrest of "security reasons" of Dr Amos Sawyer, the writer of the country's new constitution and leader of the Libera

Action Party. Dr Sawyer has since been released but is forbidden to make political statements until he has provided an audit of the constitutional committee—long since disbanded—which he headed.

Dr Sawyer was regarded as Gen Doe's main contender for the presidency.

Mr Vernon Walters, President Ronald Reagan's former special envoy, made a quiet visit to Liberia and, while the subject of his bilateral consultations has not been disclosed, was accused by the Liberian Government of meddling in the country's internal affairs.

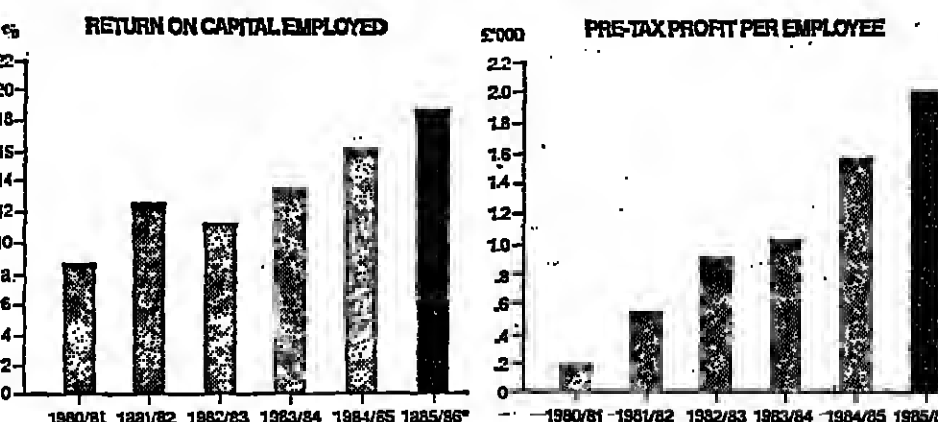
Meanwhile, there are considerable obstacles to registration of the four main parties that have come up with the \$50,000 plus \$100,000 security needed to contest the elections.

There are constant challenges on party funds and a number of supporters before each party is investigated by a "probate court"—a forum in which members of the public may challenge the parties. The registration of all four parties are in various stages of dispute.

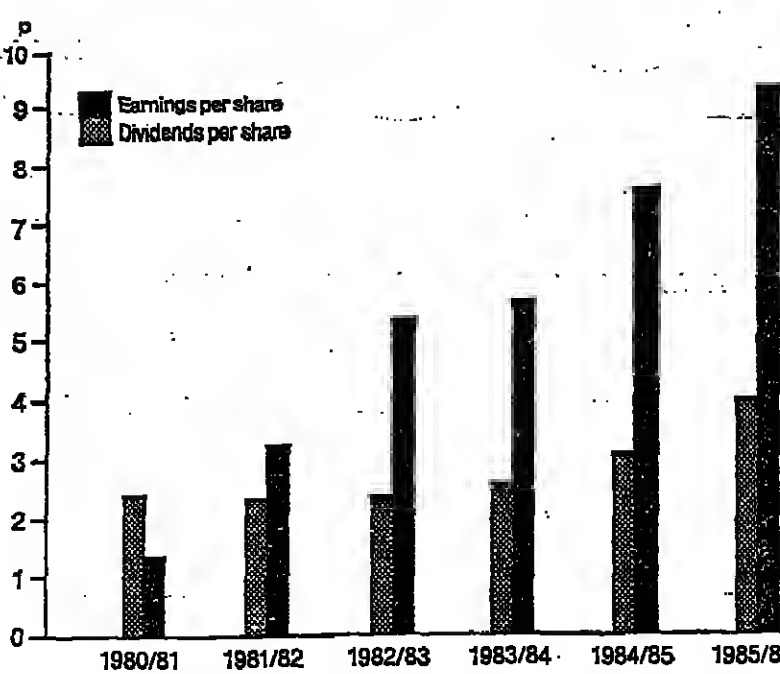
Gnassingwa for the poll, is forbidden until the end of July and, until then at least, judgement has been suspended on the prospects for a return to genuine democracy.

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UK NEWS

Planners agree production boost at Wyth Farm

BY DOMINIC LAWSON

DORSET planning authorities yesterday approved the first phase in a plan by an oil consortium led by British Petroleum to increase production from the Wyth Farm oilfield in Dorset from 5,000 barrels of oil a day to 60,000 b/d.

By a majority of three, Dorset Council planning committee decided to allow BP to drill up to four wells on Furzey Island in Poole harbour.

These wells will give BP sufficient information on the full extent of the big onshore oilfield to submit plans for full-scale development of an untapped deep oil reservoir in the Sherwood Sands.

Mr Michael O'Sullivan, BP's Wyth Farm project manager, said he was "highly delighted". The approval was the "culmination of a great deal of hard work".

However, some environmental bodies were upset by the decision. Mr Fionn Holford Walker, secretary of the Council for the Preservation of Rural England, said the application was "immensely controversial with many environmental implications".

The CPRE would again appeal to Mr Patrick Jenkin, Secretary for the Environment, to call for a public inquiry into the application.

The Countryside Commission said it had just issued a request

to Mr Jenkin that he call a public inquiry into the whole of BP's development proposals.

The Dorset council has given the Government 21 days to consider its reaction, before BP is given the planning permission for its Furzey drilling.

Recent Department of the Environment guidelines on onshore oil and gas exploration and development stress that local authorities are the appropriate bodies to deal with such matters.

Mr Alan Swindall, the Dorset county planning officer said that a letter from the Energy Department insisting that there was "a lack of risk of major pollution" was an important factor in the approval given to BP's plans.

Mr Swindall added that he and BP were already holding informal discussions about the next stage of full development plans.

The approval was a big help for the shares of the independent oil companies, which last year acquired the half share in the oilfield formerly owned by the British Gas Corporation.

Shares in Carless Capel rose 8p to 151p, even though it announced yesterday that it had abandoned a well drilled a few miles North of Brixton.

Shares of Premier Consolidated Oilfields, which also has a stake in the Wyth Farm field, jumped 7p to 53p.

Petrol rivals move swiftly to follow Esso price rise

BY DOMINIC LAWSON

OIL COMPANIES have moved rapidly to follow Esso's lead in increasing petrol prices by 5p a gallon. By Monday, all leading retailers will be selling four star petrol at 204.6p a gallon, a record official price.

Among the largest companies, Shell, BP and Mobil said yesterday they would implement the increase by midnight on Sunday. Conoco will increase by the same amount, remaining at least 1p a gallon cheaper than the majors.

By delaying until the end of the week-end, Esso's rivals hope to gain some business—at least temporarily.

After a period of negligible returns in refining and retailing operations, all but the most inefficient oil companies will be making healthy profits at the new price.

This will be accentuated by

the movement of the pound against the dollar—in which oil is traded internationally—over the past two days.

When Esso decided on its price increase, the pound stood at \$1.21, but has since risen to \$1.25. For companies as large as Shell and Esso in the UK, each 1 cent rise in the value of the pound cuts \$14m from the annual cost of purchasing crude oil.

Although the oil companies publicly agree with Esso's arguments that rising spot market gasoline prices justified a rise in domestic prices, they are privately irritated that Esso had cut prices by 4p a gallon a fortnight ago, only to raise them by 5p this week.

They feel such rapid shifts in prices anger and confuse the motorist. However, Esso's view is that oil is a commodity and must be priced accordingly.

Ex-chairman of Jaguar leaves company

By Kenneth Gooding, Motor Industry Correspondent

MR HAMISH ORR-EWING, who unexpectedly stepped down after only eight months as chairman of Jaguar, the luxury car group, has now decided to leave the company.

The annual report shows he does not wish to be re-elected as a non-executive director, although when his resignation was announced, early last month it was said he would stay on.

Jaguar said yesterday that "minimal" compensation would be paid to Mr Orr-Ewing, who collected £17,904 for his services as chairman last year.

Mr Orr-Ewing, 58, took over on July 28 with a contract which would have brought him an annual £25,000 plus a director's fee of £10,000.

He has many other outside interests, as well as being non-executive chairman of Rank-Xerox.

Mr Orr-Ewing has been replaced as chairman at Jaguar by Mr John Egan, the chief executive and the man given much of the credit for the recent revival of Jaguar.

Building society receipts fall to £214m in March

By Margaret Hughes

BUILDING SOCIETY receipts from investors fell to £214m last month, according to figures published yesterday by the Building Societies Association.

Although this is marginally better than societies feared, it is still the lowest inflow since August. It is also less than half the February inflow which was also sharply down on January's total of £823m.

Mr Richard Weir, secretary general of the association, said yesterday that the figures provided ample evidence of societies' need to increase their rates which they did this month. Yesterday's fall in base rates by Barclays and Midland Bank would not be enough to warrant a fall in building society rates. It would need a further reduction of between 0.75 and 1 per cent point for societies to review their rates.

Last month, societies lent £2.05bn to home buyers, substantially more than the £1.66bn and £1.65bn advanced in the previous two months. At the same time the level of new commitments—mortgages promised but not yet advanced—was at a higher level than actual advances for the second successive month and at £2.33bn the highest level since last June.

National Insurance change by Chancellor under fire

BY JAMES McDONALD

THE INSTITUTE of Directors has warned the Government that 100,000 top paid jobs may be lost if it abolishes the upper earnings limit on employers' National Insurance contributions, announced in last month's Budget.

Sir John Hoskyns, the institute's director-general, urges ministers to modify their proposals in a letter to Mr Norman Fowler, Social Services Secretary and Mr Nigel Lawson, the Chancellor.

The Institute believes that if the upper earnings limit were abolished there would be unnecessary job losses, he writes. Instead it recommends the change be phased in over three years, arriving at an upper limit of say £20,000—instead of abolition.

The relevant clause in the Social Security Bill abolishing the limit is to be published on Monday and will be debated in the Commons at the report stage next Thursday.

The Institute said yesterday an MP would put forward an alternative clause on Thursday, in line with its recommendation: it would not be voted on, but the Institute hoped for action in the House of Lords.

"Also, we are hoping to arrange a meeting with Mr Fowler next week," the institute stated yesterday.

Creditors have little prospect of seeing their money again, reports Margaret Hughes

Michael Hartland debts to investors estimated at £500,000

THE DEPARTMENT of Trade and Industry has completed its investigation into the business affairs of Mr Michael Hartland, 38, and his companies.

Its report, along with the results of the preliminary investigation by the City of London Fraud Squad, is due to be handed to the Director of Public Prosecutions this month. The DPP will then decide what action, if any, should be taken and whether the matter should be referred to the recently formed Fraud Investigation Group.

From the information received by the DTI and the Fraud Squad it is estimated that investors are owed about £500,000 in capital alone. Most of the investments were made by small investors depositing £1,000 to £5,000.

The bulk of these had responded to press advertisements in the International Herald Tribune and Choice, a magazine aimed at the retirement market and recipients of lump sum pension payments. A few dealt with Mr Hartland directly.

The DTI and the Fraud Squad began their investigations last October after complaints from several investors, many of them retired people, who had not received capital or

interest due to them from various Hartland companies. They had received no response to either letters or telephone calls, while those who had visited the London premises found the offices closed.

These companies include Michael Hartland Limited, Michael Hartland Investment Brokers, which was later renamed Michael Hartland Investing, Time Finance, Michael Hartland Asset Managers and Euro Assets Corporation. All of these ceased trading during last summer.

The DTI and the Fraud Squad have had difficulty in establishing the assets and liabilities because of the complex inter-linking of the various companies. From the information available to the DTI it is estimated that the companies combined owe about £500,000 to investors, and a smaller amount to banks, trade creditors and the Inland Revenue.

Since the assets of individual companies are loans or deposits from others within the group, overall assets are estimated to be effectively nil.

The advertisements offered a guaranteed return over a specific term, usually two years. In the case of an advertisement in the International Herald Tribune in April 1982

Michael Hartland Investing offered a guaranteed gross annual return of 18.1 per cent in either U.S. dollars or sterling for funds locked in for two years.

The advertisement also offered international portfolio management through Michael Hartland Asset Managers to "achieve a greater return" and to invest internationally "for safety and tax efficiency."

Later advertisements in Choice offered a guaranteed return of 16 per cent gross over two years to those who filled in the attached coupon and invested anything from £2,000 to £100,000.

Investors were asked to make their cheques out to Michael Hartland Investment Brokers from Investment in Euro Assets Corporation. The advertisements stated that both income and capital were guaranteed. The investment was "protected by gilt edged, freehold and blue chip equity securities."

This "attractive new offer" from Euro Assets Corporation was "recommended" by Michael Hartland Investment Brokers. There was no suggestion that the two companies were connected.

The advertisements also claimed that Michael Hartland

Investment Brokers was licensed by the DTI and quoted addresses in Throgmorton Street, near the London Stock Exchange, and in Klausstrasse, Zurich.

However, neither Michael Hartland Investment Brokers nor any other of the associated companies were licensed dealers in securities by the Department of Trade. Neither were they licensed deposit takers under the Banking Act.

Furthermore, Mr Hartland was also the beneficial owner of Euro Assets Corporation which was based offshore.

Michael Hartland Limited was first established in 1979 by Mr Hartland along with its trading company, Time Finance, which advertised for deposits and bought and sold securities without a licence from either the DTI or the Bank of England.

In 1982 the activities of Michael Hartland Limited were investigated by the DTI and referred to the DPP. However, then this company had stopped taking deposits.

Earlier that year Mr Hartland had established a new company, Michael Hartland Investment Brokers, and this company applied for licence to deal in securities.

But, according to the DTI, by November of that year Mr Hart-

land had still not submitted all the necessary documentation and did not therefore obtain a licence.

By then, unbeknown to the DTI, Mr Hartland had also acquired Euro Assets Corporation, a Panamanian registered company with postal addresses in both Zurich and Guernsey. This, he has since told the DTI, he did after being legally advised that such an offshore company would not require to be licensed as a deposit taker under the UK Banking Act.

From then on Mr Hartland's advertisements used the name Euro Asset Corporation but investors were still asked to send their cheques to the UK address of Michael Hartland Investment Brokers, the name of which was changed in October 1983 to Michael Hartland Investing.

Some depositors then received statements of their investment accounts from Euro Assets Corporation. These were sent from an address (which was in fact a locked rented filing cabinet) in Guernsey where again the company was not registered as a deposit taker. The Guernsey financial authorities have also been investigating Euro Assets.

Despite advertisement claims that depositors' funds were secured and invested in blue chip securities, etc., the DTI and the Fraud Squad have not

been able to establish that investors' funds were secured in this way. Much of the buying and selling of quoted securities was done within the same Stock Exchange accounting period (usually three weeks) which avoids stamp duty.

Since the DTI and the Fraud Squad investigations, Mr Hartland has, with one or two exceptions, refused to meet any of his creditors. Early inquiries brought apologies for delays in communication attributed to "cost cutting," which Mr Hartland claimed had forced him to "close offices" and to "ask staff to leave."

Mr Hartland's own flat in the City was earlier this year repossessed by the building society from whom he raised the funds to buy 1/4 from one of his own companies in March last year.

At one stage Mr Hartland proposed to a solicitor representing a dozen or so small investors that he would establish a fund for his creditors into which he would pay a "percentage of my future personal earnings."

Mr Hartland, who now lives in Buxton, Derbyshire, is at present employed selling security devices. However no fund has been established for creditors who have little prospect of seeing their money again.



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London subsidiary which will be backed by the expertise of our fund managers worldwide.

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on our presence in London, the United States and the Far East with more than £7.4 billion under management.

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UK NEWS

GOVERNMENT SECURITIES REFORMS

Bank specifies its own role in operation of new market

THE BANK OF ENGLAND took another important step yesterday in restructuring the Government securities market with the publication of paper retailing its own role in the new market.

The paper follows draft proposals published last November which outlined the Bank's views on how the "gilt-edged" market should work in the future.

The Bank is seeking applica-

tions from those wishing to be gilt-edged market makers and has set May 3 as a deadline for applications. The Bank intends to confine its dealings to market makers who are Stock Exchange members firms, on the basis that the membership proposals recently published by the Stock Exchange members are adopted.

Following responses from securities groups on the draft proposals the Bank has made some changes to its plans. Several respondents said the settlement system should provide for irrevocable instructions for payment to be generated simultaneously with the movement of stock between accounts in the new Central Gilt Office system for rapid transfer of stock.

The Bank of England accepts this and is 'urgently exploring the possibility of developing the Central Gilt Office in this way. In its latest paper the Bank says the possibility that a gilt-edged market maker could share management or staff with a related entity will be subject to the Bank's wish to review the organisation of each market-making entity individually.

This is in response to questions raised on the draft proposals about the range of possible combinations of activities which could be conducted within the same operating unit. The new paper says the Bank would expect transactions with related entities normally to be carried out at arm's length, and will want them to be separately reported to the Bank.

But an exemption from this reporting requirement is to be incorporated in the new procedures. Transactions with a related entity which is acting purely as an agent need not be reported.

Following comments on the draft proposals, gilt-edged market makers will be able to deal in non-convertible preference shares.

The Bank intends to hold formal discussions with firms seeking to become market makers, based on an annotated agenda to be sent to all applicants. The Bank will complete these discussions before taking any decisions, and will at that stage announce the number of acceptable applicants with some indication of the types of firm concerned, the size in which

By JOHN MOORE

LABOUR

Teachers' employers' differences intensify

By Brian Groom, Labour Staff
A SPECIAL meeting of the management panel on teachers' pay has been called for next Friday. There is little indication it could lead to a breakthrough in the dispute which could continue through the summer term and possibly beyond.

Differences between local education authorities have intensified, after a week in which union conferences decided to step up industrial action. However, some senior union leaders doubt this will lead to a big split.

Although pressure is increasing on Labour authorities, as county council elections on May 2 draw near, the main differences with the Tory-controlled majority on the panel have been about public presentation. There is no widespread move to raise the offer from 4 per cent.

The panel meeting was called following a request from the Labour-controlled Association of Metropolitan Authorities. It is unhappy with the public statements of Mr Philip Merridale, Conservative leader of the panel.

The association has not discussed requesting a special meeting of the Burnham negotiating committee. There is some hope in the National Union of Teachers that a growing number of authorities would be prepared to call a meeting, but the management panel's secretary has received no formal or informal approach to do so.

The NUT says authorities which have learned some way towards the teachers' position include Newcastle, Sheffield, Wakefield, North Tyne, and Cleveland. Tory-controlled Havering was also reported yesterday to have described the offer as inadequate.

Unions are to meet next Wednesday to discuss a proposal for talks by the conciliation service Acas. The NUT, however, the biggest union, has been cool about the chances of this leading to a breakthrough.

The National Association of Head Teachers said yesterday that although the NUT and the National Association of Schoolmasters' Union of England had resolved not to take direct action against public exams, it would be futile to pretend that the action which has already taken place and which is forecast for the summer term will not damage the prospects of a large number of pupils.

Mr Giles Radice, Labour's education spokesman, warned that unless a just settlement was reached the issue would bring annual rounds of disruption.

Print workers defy sacking ultimatum

By David Goodhart, Labour Staff
NATIONAL Graphical Association members in dispute with the Wolverhampton Express and Star voted unanimously yesterday to defy the company's ultimatum to return to work by Monday or face dismissal.

But there were still hopes that the company might postpone its sacking threat. Talks took place last night between the Newspaper Society, the provincial press employers' body, and the NGA, and it is thought that the Wolverhampton developments were discussed.

Separate talks between the NGA and Sogat '82 have produced new proposals to try to resolve the NGA's original dispute with the company over the introduction of single keying in the advertising department.

The NGA has insisted that all tele-typists should join its ranks, in spite of the fact that Sogat had a recognition agreement. The two unions have since compromised.

As the sacking threat took place last night between the Newspaper Society, the provincial press employers' body, and the NGA, and it is thought that the Wolverhampton developments were discussed.

BT workers seek 12% rise

By Our Labour Staff
UNION officials representing 16,000 engineers and clerical workers in British Telecom yesterday lodged a claim for a 12 per cent pay rise. BT is due to answer on Thursday.

Meanwhile, leaders of the union, the National Communications Union, visited the Certification Officer last night to make a final appeal to be allowed to retain their name.

It was changed recently from the Post Office Engineering Union to the Certification Officer. The new name was too similar to the Union of Communications Workers.

The change has already cost the union an estimated

BR threatens legal action if Scottish strike goes ahead

By PHILIP BASSETT, LABOUR CORRESPONDENT

BRITISH RAIL yesterday warned its largest union, the National Union of Railworkers, that it may face legal action if it goes ahead with a threatened one-day strike in Scotland on Wednesday over planned job losses.

BR's warning, telephoned to the union yesterday by Mr John Paletto, the BR board's managing director in charge of personnel, was coupled with a request for a meeting with the board on Monday to explain the reasons for the strike decision.

Significantly, though, the board's warning of legal action made no reference to seeking an injunction under the pre-strike ballot provisions of the Government's 1984 Trade Union Act to try to avert the strike.

BR is not planning to take this course, even though the NUR's executive called the strike without first balloting the union's 12,000 Scottish members.

By not pursuing this particular course, senior BR officials hope that Monday's talks may avert the stoppage.

But the power of the law in current industrial relations was underlined when BR warned it might seek damages against the union, which could be liable for

as much as £250,000, if the action goes ahead.

To emphasise this power, BR also revived the threat of action for damages against the NUR, and the train drivers' union, ASLEF, for January's one-day strike, mainly in Yorkshire and the Midlands, in support of the miners' dispute—even though the unions and BR officials have since acknowledged privately that the board has taken the threat no further.

BR said yesterday that a one-day strike would be an extra financial burden on the industry and a further blow to customer confidence.

The NUR plans to call out its Scottish members from midnight on Tuesday for 24 hours. The strike could halt all services in Scotland and hit English services to and from Scottish stations on Wednesday.

The union is protesting at the proposed loss of 1,250 jobs at BR's Springburn engineering works, which it believes will lead to eventual closure.

Mr Jimmy Knapp, NUR general secretary, said: "Rail workers have been forced to take industrial action to register their determination to halt the continuing savage rundown of rail workshop facilities and loss of jobs."

Employment White Paper is pure politics, says TUC

By OUR LABOUR CORRESPONDENT

THE GOVERNMENT'S White Paper on employment is attacked as "a purely party political statement" in a confidential TUC document being considered by union leaders.

It accuses the Government of trying to pin the blame elsewhere for the failure of its policies.

The TUC document—the first considered union reaction to the Government's much-criticised White Paper—is in line with a similar document being considered by the Labour Party.

The TUC paper says the White Paper is probably unique in that it "contains no new policy proposals, sets out no options either for legislation or administrative action and does not ask for any views or reactions in response to its publication."

The TUC says it is a "party political document paid for out of public funds" does not merit the term "White Paper". The TUC sees it as a "Blue Paper"—a glossy set of Conservative Party speakers' notes.

The unions say the political purpose of the White Paper is clear. "It reveals a perception that unemployment is now firmly at the top of the political agenda and so the Government must have something to say about it which appears to justify their policies."

"Since these policies are acknowledged to hold out no prospect of a decline in unemployment by the next election, the aim is to pin the blame elsewhere."

It says the "political objective is to place the Government in the position of the genuinely concerned but rather helpless party, but one which represents the mainstream of opinion and common sense."

The TUC rejects this, and its document rebuts the key propositions in the White Paper. It also criticises the White Paper for giving little attention to unemployment.

It says the White Paper is "partisan" and "extraordinary thin" in facts and statistics, and "crude political slogan."

Civil servants call off strike

By BRIAN GROOM, LABOUR STAFF

THE EXECUTIVE of the 93,000-member Society of Civil and Public Servants yesterday called off a one-day strike on Monday and subsequent selective strikes.

But it decided to maintain its overtime ban and work-to-rule as a way of mounting at least token pressure on the Govern-

ment to increase its £4-a-week or 4.4 per cent pay offer.

SCPS members had voted to support a one-day strike, but the narrow vote against the stoppage by members of the biggest union, the Civil and Public Services Association, made it futile to press ahead with the plan.

Spanish airport fears are played down by British airlines

By MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH airlines flying to and from Spain yesterday reacted to reports that Spanish trolleys had complained to their government about "dangerous" conditions at many Spanish airports.

The UK-Spanish air routes are the busiest in Western Europe, with more than 8m passengers a year, many of them UK holiday-makers.

No airline was prepared to comment officially on the situation. Privately, however, it was stressed that recently there had been a big improvement in the facilities at many Spanish airports. There was a greater awareness by the Spanish authorities of the need for greater concentration on safety.

The Spanish Transport Minister, Sr Enrique Baron, dismissed the pilots' and controllers' complaints as "irresponsible".

Nevertheless, it is stressed that there are still deficiencies at some Spanish airports. The recent crash of a Spanish Boeing 727 on the approach to Bilbao airport revealed that a television tower blocking the approach path was not marked on some Spanish air navigation charts.

The poor siting of some airports, especially on Spanish holiday islands with difficult

terrain, such as the Canary Islands, remains a problem. The only remedy would be new airports.

UK airline pilots are aware of the difficulties and take the necessary precautions, especially in bad weather.

Despite the improvements, Spain is regarded in the international pilot fraternity as lagging behind much of the rest of Western Europe in the quality of its air transport infrastructure. The latest action of the Spanish pilots' union and the air traffic controllers appears to confirm that.

Both groups have had disputes with the government and Iberia, the Spanish flag airline, on pay and conditions of service. It is felt that the timing of their complaints, published in a weekly news magazine, just before the holiday travel season, is significant.

British pilots, however, know where the deficiencies are—for example where Instrument Landing Systems (ILS) are either non-existent, as at Minorca, or sometimes out of order, or where the terrain is difficult, as at Bilbao and Pamplona, or where runways are poorly laid out, as at Barcelona.

Such information is circulated to UK airlines, and by the British Air Line Pilots' Association.

Car output maintains lead on 1984

By Kenneth Gooding, Motor Industry Correspondent

CAR OUTPUT last month was well above 1984's average monthly level for the third time in a row—as manufacturers tried to make up for production problems affecting much of the industry late last year.

Seasonally-adjusted output was 90,000 cars against 77,000 in March 1984, according to Department of Trade and Industry provisional figures. Last year's average monthly level was 78,000.

Ford and Austin Rover had to contend with disruption caused by industrial disputes towards the end of last year, while Vauxhall, General Motors subsidiary, struggled to crank up output of the new Astra at the Ellesmere Port plant on Merseyside.

Production in the first months of this year has more than compensated for those problems and the department says that in the latest six-month period it was 2 per cent higher than in the preceding six months.

Commercial vehicle output, however, was little changed from the previous six-month period, although it continued to improve in March over the exceptionally low level of the fourth quarter of last year.

Seasonally adjusted production of commercial vehicles last month was 22,300 against 19,800 in March 1984, and an average of 18,700 a month for the whole of last year.

Drug companies agree to cut prices

By LISA WOOD

ALMOST ALL the major pharmaceutical companies supplying the National Health Service have agreed to cut drug prices in line with Government targets, the Department of Health and Social Security confirmed yesterday.

Earlier this year, the Government said it would reduce profitability targets of drugs companies to between 15 and 17 per cent on capital employed. The reduction of 2.5 per cent to 3 per cent on the previous profit targets was negotiated with the industry under the Pharmaceutical Price Regulation Scheme and came into effect on April 1.

The move provoked considerable antagonism from the industry. Companies argued that prices should be increased to compensate for drugs banned for NHS prescription under the Government's limited list scheme, which restricts the prescribing of certain brand-named drugs.

The Health Department yesterday denied that the Government was considering invoking legal powers to prevent drugs

companies from increasing prices to compensate for losses incurred because of the limited list.

The department said: "It is unlikely that such action will be necessary. We have actually completed discussions with most of the companies involved and we do not anticipate any problems that would require recourse to the act."

Activation of Section 57 of Labour's Health Service Act (1977) would empower the Government to issue orders controlling maximum prices to be charged for any medical supplies.

During the negotiations it was agreed that those companies adversely affected by the limited list could ask Government to review their cases after July 1. If a company can prove its profits have fallen below the 15-17 per cent level Government may then allow some price rises.

The cut in profits is intended to save between £40m and £50m a year on the annual £1.4bn NHS drugs bill.

Financier faces £6.3m bankruptcy petition

By MARGARET HUGHES

A £6.3m personal bankruptcy petition against Mr Alex Herbage, the international financier, has been lodged with the Winchester County Court and served in Scotland on Mr Herbage by McKenna & Co acting on behalf of the Dutch company Interconsult.

This company represents more than 400 investors who have outstanding claims on the industry. The offshore funds which were run by Mr Herbage through an Amsterdam-based service company, Tric Investments, and a U.S. marketing network, The Winchester court has set April 30 for the hearing.

The petition is based on two judgments in the Rotterdam Court against which Mr Herbage's London lawyers, Hallam Blackburn Gittings and Co are appealing. Mr Herbage is also seeking to set aside the registration in the UK of these judgments which is required for a bankruptcy petition to be lodged in this country.

Mr Herbage's lawyers said yesterday that the appeal was partly based on the allegation that the Rotterdam judgments were obtained "fraudulently". It is alleged that in obtaining an order for substituted service, the petitioners wrongly claimed that they were unable to locate Mr Herbage to serve the documents on him in person.

This is being refuted by McKenna on behalf of Interconsult which served the notice for a public notice on December 15 in the Rotterdam newspaper Rotterdamse Nieuwsblad.

On March 20 Interconsult was granted a Mareva injunction against Mr Herbage. This prevented the removal of any assets from his jurisdiction and the disposition of assets within the UK jurisdiction.

An earlier personal bank-

ruptcy petition for £51,000 brought by Rayner Advertising of Southampton was withdrawn on April 1, the day of the court hearing, when, according to Lamport Bassitt and Hiscock solicitors for the petitioner, the debt was paid through Mr Herbage's lawyers by a "third party".

The advertising agency had earlier on March 25 brought successful winding up petitions against two of Mr Herbage's companies—Sutton Manor Arts Centre and Sutton Manor Estates which were put into compulsory liquidation.

In mid-January Tric Investments was declared insolvent by the Amsterdam District Court, which appointed Mr Allard Voute, an Amsterdam attorney, as liquidator.

Mr Voute has said that about 3,335 investors, mostly American, are thought to have invested about £40m in 19 of Mr Herbage's investment funds.

On March 25 Radford and Sons, a Southampton based agency, was appointed provisional liquidator of Caprimex by the companies branch of the High Court in London.

This resulted from a winding up petition lodged by an American investor, who had invested \$36,000 in Caprimex and is now owed \$81,000 including interest. A High Court hearing has been set for May 15. Although Caprimex the petitioner claims that it had a place of business in Winchester which was advertised in its literature.

Mr Herbage, who previously lived at Sutton Manor near Winchester, now lives at Delectable House, Conl Estate, Lagnbridge, Newtonmore, Inverness-shire.

ECONOMIC DIARY

TODAY: EEC Finance Ministers start two-day informal meeting in Palermo. Confederation of Parent-Teacher Associations annual conference, Manchester. Mrs Margaret Thatcher begins visit to India.

TOMORROW: Mrs Thatcher completes her tour of South East Asia with visit to Riyadh, and returns to London. Peruvian presidential election. Department for National Savings monthly progress report for March.

MONDAY: European Parliament session opens, Strasbourg (to April 27). Scottish TUC conference opens, Inverness (to April 18). AUEW annual conference opens, Eastbourne (to April 18). Commons and Lords return from Easter recess. Mr Norman Tebbit, Trade Minister, begins five-day visit to Japan. Bank for International Settlements governors meet, Basel.

TUESDAY: Presentation of World Means Business award. World Bank and IMF annual meeting. Ministers meet to discuss joint production of fighter aircraft.

WEDNESDAY: Power workers pay talks. IMF—World Bank interim committee meeting, Washington (to April 19). Index of output of the production industries for February. February provisional average earnings indices, employment, hours and unit wage costs. Panama banking convention with roundtable on Latin American debt (to April 19).

THURSDAY: Royal Institute of British Architects launches "Decaying Britain" campaign. Mantegna's "Adoration of the Magi" expected to fetch up to £10m at Christie's. March cyclical indicators for the UK economy: public sector borrowing requirement; and London sterling certificates of deposit. UK banks' assets and liabilities and the money stock for mid-March.

FRIDAY: Fourth quarter institutional investment; and industrial and commercial companies capital account and net borrowing requirement. March tax and price index. Retail prices index.

Trade union trust urges EMS entry

By DAVID LASCELLES, BANKING CORRESPONDENT

UNITY TRUST, Britain's new trade union financial institution, last night urged the Government to join the European Monetary System (EMS).

Mr Lewis Lee, chairman, made the call at the first annual meeting, where it was reported that Unity Trust had made a pre-tax profit of £92,000 in its first eight months.

Mr Lee said the aims of governments setting up the EMS were to achieve lasting growth, a progressive return to full employment, harmonisation of living standards and lessening of

regional disparities. "We favour all these aims, and if the UK joins the system, they can more easily be attained by all countries."

Unity Trust, a licensed deposit taker, has attracted about £12m in deposits from trade unions. Most of this has been placed in the City money markets, though Unity Trust is beginning to build up a modest loan portfolio which currently totals about £1m.

Mr David Bassett, the general secretary of the General Municipal Boilermakers and Allied

Trades Union and Unity Trust's president, said the trade union movement controls about £500m in assets, and be appealed to unions to place more of this with the institution.

The trust's management says it is being run on commercial, non-political lines. It is currently paying depositors 11 per cent.

Mr Terry Thomas, the executive from Co-op Bank which is helping set up Unity Trust, said the institution planned to begin offering retail banking services later this year.

Midland Bank Interest Rates

Base Rate
Decreases by 0.5% to 12.75% per annum with effect from 12th April 1985.

Deposit Accounts
Interest on Deposit Accounts decreases by 0.5% to 7.0% net p.a. with effect from 12th April 1985.
For those customers who receive interest gross, the rate decreases to 9.36% p.a.

Save and Borrow Accounts
Interest on credit balances decreases to the above Deposit Rate with effect from 13th May 1985 and interest charged on overdrawn balances remains at 23.0% p.a. APR 25.0%.

Monthly Income Accounts
With effect from 12th April 1985 the interest decreases by 0.5% to 9.0% net per annum.
For those customers who receive interest gross, the rate decreases to 12.04% p.a.

Midland Bank
Midland Bank plc, 27 Poultry, London EC2P 2BX

SAVINGS OFFERS

Arbuthnot	Page
Bank of Scotland	1
Baring Fund Managers Ltd.	2
Equity & Law	3
Kleinwort Benson Investment Managers	5
Hoare Govett	6
Nationwide Building Society	7
Sabre Fund Managers	8

BASE LENDING RATES

A.B.N. Bank	13 1/2%	C. Hoare & Co.	13 1/2%
Allied Irish Bank	13 1/2%	Hongkong & Shanghai	13 1/2%
Barclays Bank	13 1/2%	Johnson Matthey Bkrs.	14%
Bank of Scotland	13 1/2%	Knowles & Co. Ltd.	13 1/2%
Banco de Bilbao	13 1/2%	Lloyds Bank	13 1/2%
Bank of Ireland	13 1/2%	Edward Mawson & Co.	13 1/2%
Bank of Cyprus	13 1/2%	Meghraj & Sons Ltd.	13 1/2%
Bank of India	13 1/2%	Midland Bank	13 1/2%
Bank of Scotland	13 1/2%	Morgan Grenfell	13 1/2%
Banco Belg. Ltd.	13 1/2%	Mount-Credit Corp. Ltd.	13 1/2%
Barclays Bank	13 1/2%	National Bk. of Kuwait	13 1/2%
Beneficial Trust Ltd.	14%	National Girobank	13 1/2%
Brit. Bank of Mid. East	13 1/2%	National Westminster	13 1/2%
Brown Shipley	13%	Northern Bank Ltd.	13%
CL Bank Nederland	12 1/2%	Norwich Gen. Trust	12 1/2%
Canada Permanent Trust	13 1/2%	People's Trust	14%
Cayzer Ltd.	13 1/2%	Provincial Trust Ltd.	14%
Cedar Holdings	14%	R. Raphael & Sons	12 1/2%
Charterhouse Japet	13%	F. S. Refson	13 1/2%
Choulatons	13 1/2%	Reichsbank Guarantees	13 1/2%
Citibank NA	13 1/2%	Royal Bank of Scotland	13%
Clydesdale Bank	13 1/2%	Royal Trust Co. Canada	12 1/2%
C. E. Coates & Co. Ltd.	14%	J. Henry Schroder Wagg	13 1/2%
Comm. Bk. N. East	13%	Standard Chartered	12 1/2%
Consolidated Credits	13 1/2%	TCB	13%
Co-operative Bank	13%	Trustee Savings Bank	13%
The Cyprus Popular Bk.	13 1/2%	United Bank of Kuwait	13 1/2%
Dunbar & Co. Ltd.	13 1/2%	United Mizrahi Bank	13 1/2%
Duncan Lawrie	13 1/2%	Westpac Banking Corp.	13%
E. T. Trust	13 1/2%	Williams & Glyn's	13 1/2%
Exeter Trust Ltd.	14%	Witnour Secs. Ltd.	13%
First Nat. Fin. Corp.	14 1/2%	Yorkshire Bank	13 1/2%
First Nat. Secs. Ltd.	14%		
Robert Fraser & Ptas.	13 1/2%		
Guinness Mahon	13 1/2%		
Hambros Bank	13 1/2%		
Heritable & Gen. Trust	13 1/2%		
Hill Samuel	13 1/2%		

7-day deposits 10 1/2%, 1 month 11 1/2%, 3 months 12 1/2%, 6 months 13 1/2%, 12 months 14 1/2%. Coll. deposits £1,000 and over 10 1/2%. 7-day deposits over £1,000 10 1/2%. 1 month 11 1/2%, 3 months 12 1/2%, 6 months 13 1/2%, 12 months 14 1/2%. See Provincial Trust Ltd.

THE WEEK IN THE MARKETS

Sterling in ascendancy

THE POUND had one of its best weeks for a very long time. Not only was it performing well against a dollar in decline but it was also climbing against other European currencies. On a trade weighted basis, sterling was back up to levels not seen since late last summer.

It was enough to prompt Barclays and Midland, which had held their base rates at 13½ against NatWest and Lloyds at 13 per cent, to drop a half point to 12½ per cent—more than the market had expected.

So with a climbing pound and falling interest rates, the gilt market responded with good rises at the end of the week following on from the firm trend of late. Against gilts, therefore, the equity market does not look quite so overvalued as it did a few weeks ago. But that does not mean there is a need to change the general view that share prices are likely to go lower before they go higher.

Beer battle

The market's attitude towards Scottish and Newcastle's £100m equity and cash offer for fellow brewer Matthew Brown appears to have slightly changed in the last couple of days and Brown's price has slipped a critical few pence to leave the shares trailing behind the S and N offer.

There are two or three factors at work. For a start the argument that the bid should be referred to the Monopolies Commission seems to be gaining some momentum even though, on the face of it, there is not an obvious case for an investigation. The bid is not like S and N's earlier abortive attempt to gain control of Carlsberg, which was agreed and then stumbled over a Monopolies reference, but grounds for a reference are not always crystal clear to objective observers.

Another point, which is sinking home, is that earlier optimistic talk of a third party entering the fray as a white

LONDON

ONLOOKER

knight clutching a better offer seems a little off beam. At this stage, anyway, Matthew Brown seems determined to fight its own battles and is not likely to be courting rival bidders with a cosy offer.

And if thoughts of a rival bidder seem to be fading, initial projections of what S and N might have to offer to gain shareholder acceptance are also being downgraded. When the Scottish bidder launched its first terms, worth around 380p, the analysts immediately branded the price as wholly inadequate and suggested that 500p might be more like the mark.

Since then the terms have been sweetened with a cash element but around the 435p a share level, the offer is still a long way short of 500p—and it looks set to stay that way too, even though a further improvement may be needed to win the day.

That assumes there is not a Monopolies reference and the battle remains a straightforward two bout between two companies. But, of course, that is not quite the case. Whitbread Investment Company is hovering on the sidelines having lifted its investment in Brown to 8.5 per cent. Its stake is rather reminiscent of its intervention in the Wolverhampton and Dudley bid for Davenport in 1983 where a small purchase managed to keep Davenport independent.

What exactly WIC is up to is anybody's guess. It would take a large holding in Brown to under 9 per cent to thwart S and N. If Britannia Assurance, holding 9.5 per cent, was to stand alongside the Brown defence as well, the Scots marauders might be repelled. Anyway for the time being,

small shareholders should sit tight and await Brown's defence which will be out within a few days.

Entrad's move

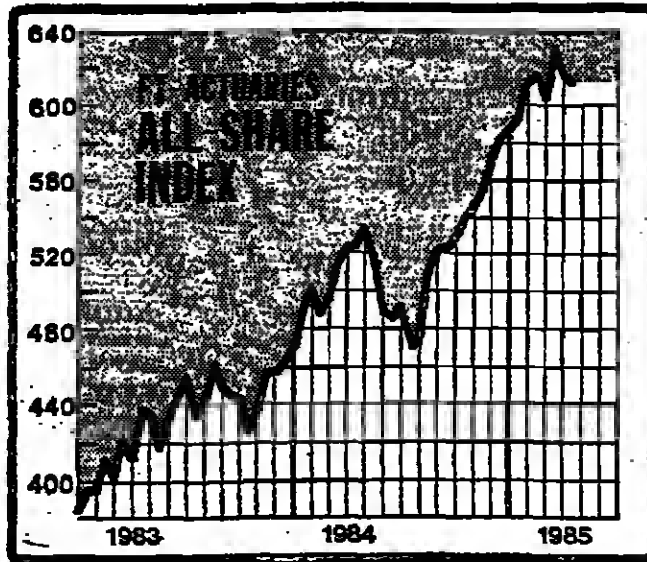
Entrad took a gamble yesterday when it stepped into the market in an attempt to take its holding in Tootal to 30 per cent. The British group's price moved just out of its reach but not before the bidding Australian textile company was able to lift its existing 6 per cent holding to around a quarter of the equity.

The risk for Entrad is that if its £125m bid for Tootal fails then it could end up sitting on a large parcel of stock showing a potential capital loss and presumably the bidder has financed yesterday's purchases with borrowed money. However, with acceptances having dribbled in fairly slowly so far, Entrad has understandably felt obliged to buy in the market while it could.

The difficulty for Tootal shareholders is that the arguments for and against this offer look finely balanced. Entrad is a smaller company than Tootal, judged by market capitalisation, and its bid, if successful, is bound to stretch its finances. But for shareholders in the UK company the soundness or otherwise of the bid is only of concern if the loan note alternative is accepted and most private shareholders would opt for the straight cash offer of 72½p.

So the debate on whether to accept or not really turns on one straight question: is it right to take 72½p now (plus a 1.87p dividend) or are the shares worth holding for the medium term? Without an offer the price is bound to fall back to, say, 65p despite the forecast of a 4p dividend for the current year. The problem is in trying to assess the share's ability to get back into the 70s without an offer on the table.

The group has done much to get its house in order and profits are forecast to rise from



last year's £22.85m to £27m for the year to January 1986—a prediction said to be on the conservative side. But even on that projection an exit p/e of just under 8 is not a cheap offer for a textile company.

Still, if shareholders believe that future profits can sustain the sort of dividends that Tootal has forecast perhaps the shares should be kept for the income. Some institutions may take that line. Whatever way it goes, next week the success or otherwise of the bid will be a close run thing.

Smiths Industries

The story of Smiths Industries, transformation from a clocks and dials ugly duckling to a beautiful swan of aerospace and medical, is not exactly a new one for the market. Nevertheless, that does not stop the group pleasantly surprising investors with the speed of its change, as it proved this week with its half year figures.

In the six months to the beginning of February pre-tax profits soared by 58 per cent to £20.18m. Even allowing for the £1.7m of currency gains, which helped the profit on its way from the £14.65m achieved in the comparable period, the result is considerably better than expected. Forecasts for the current year are now being

pumped up to around £46m pre-tax against £34.2m for the year to last July. It was with the 1983-84 figures that the new look Smiths first showed its paces, lifting profits by 36 per cent from a five year plateau.

It is a quibble with the results that margins on the medical activities have slipped nearly four points due to the firm acquisition of Downs Surgical a year ago. Still at 17.4 per cent, margins could hardly be described as thin even after the setback and, anyway, the Downs purchase was always expected to trim the overall return.

Now that the best part of half the group's profits come from electronics in one form or another and medical accounts for about a third of profits it is not surprising that the rating, the prospective p/e is around 16—has little regard to companies in the engineering sector—its traditional bedfellows.

And with some reasonably highly rated paper and a clean balance sheet—earnings is probably no more than 12 per cent—Smiths is unlikely to stick with its current portfolio, no matter how pleased it is with the structure. Further acquisitions could follow on from last year's Downs and Superflex and the group is probably casting an eye over companies on both sides of the Atlantic.

Terry Garrett

Weaker dollar confuses Wall St

NEW YORK

TERRY DODSWORTH

FOR MANY months U.S. manufacturing corporations have drummed home the problems the strong dollar is giving them in making ends meet. It is an argument that Wall Street has swallowed virtually whole. The strong dollar, everyone has been arguing, has become a fierce depressant on corporate profits, biting both companies with large sales overseas, and industrial groups having to compete with cheap imports. Ergo, a weaker dollar should help industrial profits and, in turn, the equity market.

Yet now that the U.S. currency is on the slide, Wall Street is a little uncertain how to react. Indeed, so far, the market has responded in a fashion contrary to the conventional wisdom, with the Dow Jones Industrial Average falling from its February peak of 1,299.36, virtually in step with the dollar, which reached its high point of over DM 3.40 at around the same time.

Thursday was a perfect case in point. After the dollar was knocked back sharply by the Europeans, the stock market began to build up a head of steam, moving ahead by over 8 points at one time. But by the closing bell, most of this had evaporated again.

Perhaps the main point of these market movements is that what has been happening to the dollar is itself a reflection of U.S. economic trends that have not been particularly kind to the financial markets in general. First of all, last week, investors were unsettled by the collapse of yet another unrelated securities dealer with losses now put as high as \$200m.

Following in the wake of the ESM Government Securities failure, and the consequent crisis in the Ohio savings bank industry, this new problem was bound to cause questions about the stability of the financial system. And this uncertainty was reinforced by doubts about the sustainability of the U.S. economic recovery.

Paul Volcker, the chairman of the Federal Reserve Board,

articulated these fears in a carefully worded speech this week. His hints, that the Fed was worried enough about the slowdown in the economy to be opposed to any moves to tighten credit and push up interest rates, were another factor in the dollar's decline.

In addition, the stock market has been struggling to absorb some unpleasantly bearish profit forecasts over the past few weeks. These have been pouring out of companies anxious for soft landings when they finally announce their figures during the current round of quarterly results.

Indeed, IBM saw fit to come out with two preliminary statements, first floating at a flat quarter and then at a decline in profits—a strategy which had pushed its shares down sufficiently for them to rise by a triumphant \$1½ to \$127 on Thursday, when it finally announced that earnings were down by all of 17 per cent.

One question for the market now is whether investors have discounted sluggish quarterly results overall as effectively as in the case of IBM. If they have, the worst of the impact from the results season has already been absorbed. The other big unknown is the perception of the state of the economy. The decline of the dollar indicates a strong feeling that the economy is slowing sufficiently to take some of the pressure off interest rates, and therefore gains to be made in shipping savings to New York.

However, some U.S. investment houses believe that these trends will be positive for the stock market over the year as a whole. Oppenheimer, for example, argues that the slowdown to the expansion of the services sector should be offset by earnings improvements in

manufacturing companies. At the same time, the lower rate of expansion should enable the corporate sector overall to shake funds out of working capital, reducing interest costs which should in any case be coming down because of the Fed's action.

While all this sounds a little like the White House on its soapbox, it is interesting to note that the banking sector, one of the areas which has been causing the most anxiety over the last 12 months, has so far produced some fairly healthy quarterly figures. J. P. Morgan, in particular, announced a 13 per cent increase in earnings this week, mainly caused by higher interest earnings as its cost of funds declined faster than the rates it charges its clients.

At the same time, the takeover wave continued to roll on through the week. Acquisitions have now become so commonplace in this market that investors seem to be becoming almost blasé about them. In the last fortnight they have certainly fallen so thick and fast that they have hardly engendered the excitement of a year or so ago.

This week has seen the re-emergence of Carl Icahn, now making a move for Unilever fresh from his successful marauding against Phillips Petroleum.

It has also finally produced the long-awaited bid for Crown Zellerbach from Sir James Goldsmith, who has been stalking the Forest Products group for the last four months, while working out a scheme to overcome its devastating poison pill. At an offer price of \$42.50, just over 13 times last year's earnings, the general view seems to be that Sir James has not yet produced a sufficiently powerful antidote to the pill's venom.

Monday	1252.98	% 6.07
Tuesday	1103.86	+ 0.88
Wednesday	1259.94	+ 6.08
Thursday	1263.69	+ 3.75

MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1984/5	1984/5	
	Y'day	on week	High	Low	
F.T. Ord. Index	967.8	+ 5.3	1,024.5	755.3	Post-holiday inertia
F.T. Gold Mines Index	533.5	+24.2	711.7	439.5	Weaker dollar boosts gold
Assoc. Newspapers	880	+55	885	380	Broker's circular
Aust. Cons. Minerals	51	+ 9	51	17	Firm gold/ore reserves boost
Bridge Oil	140	+13	233	127	Firm Australian oils
Brown (Matthew)	415	-30	448	208	Scott & New, bid situation
Burmah Oil	233	+29	240	141	Increased profits and div.
Burnett & Hallamshire	55	-14	205	35	Serious debt problems
Cons. Gold Fields	562	+29	627	463	Proposed assets sale
Debenhams	247	+26	347	141	Intense bid speculation
Grattan	210	+24	210	66	Broker's circular
Hawker Siddeley	443	+33	484	352	Better-than-expected results
ICI	746	-20	885	526	Currency influences
Jarvis (J.)	320	+40	320	215	Ahead of Monday's results
Pentland Inds.	587	-67	593	55	Impressive interim figures
Smith Inds.	201	+ 8	210	121	Newsletter comment
Spectrum	35	-40	144	35	Current profits warning
Stothert & Pitt	145	+25	182	108	Revived bid speculation
Vickers	270	+14	270	126	Nationalisation comp. hopes
Woodside Petroleum	85	+23½	89	50	Bid from BHP/Shell Australia

Week of the Lloyd's brokers

EXCELLENT results from one company and news of an impending listing by another have focused attention this week on one of the USM's smaller sectors, the Lloyd's insurance brokers.

The results came from Steel Burrill Jones, a specialist in reinsurance broking in the London marine market, which produced 1984 pre-tax profits of £8.05m. That was 60 per cent higher than forecast in the prospectus when it came to the market last May, and 135 per cent above the pro-forma figures for 1983.

The new member of the sector will be the Howard Group, a reinsurance broker specialising in oil-related and general casualty risks, which plans to come to the market later this month by way of a placing.

That will bring the number of USM brokers to four—Derek Bryant led the way in 1983 and was followed last year by Dewey Warren and Steel Burrill Jones—but analysts are expecting more to follow suit on the back of the upturn in insurance markets.

From an investor's viewpoint, the USM companies have looked an attractive proposition over the past year. "They have handsomely out-performed both the index for fully listed brokers and the FT All share over the past 12 months," says analyst Lucy Cottrell at brokers Grieve Grant.

However, she adds that the market views the sector very much as an investment in the fortunes of the dollar—with the USM brokers earning a particularly high proportion of their revenues in the currency—and a softening in their share prices over the past month will to some extent reflect the weaker

Unlisted Securities Market

and unsettled dollar.

Behind the hullabaloo of the sector lies a dramatic change in the fundamentals of the insurance business over the past few months. Huge losses in the U.S. have led to a sharp contraction in capacity, which is now feeding through into much higher premium rates. Much more business is returning to the London market.

This environment might tend to favour the largest brokers—such as Sedgwick, which has just announced plans for a merger with U.S. giant Fred S. James—but smaller ones can do well too provided they have good market niches. "The market," says one analyst, "is absolutely favouring the professional hard-nosed bloke with good placing power."

Steel Burrill Jones's results underline many of these themes. It occupies a good niche in the marine excess of loss market and, says chairman Derek Steel, "a lot of business enticed away by cheap rates is coming back to the London market—and at higher rates—as other people who have tried underwriting have given up the game."

Most of Steel Burrill Jones's profits rise stems from increased brokerage. Mr Steel estimates that about 20 per cent of the improvement over 1983 was due to favourable movements in the sterling/dollar exchange rate.

Steel Burrill Jones also seems bullish about the current year,

which it says has "started well." The main potential problem facing it and other USM brokers is that great unknown, the dollar.

If the U.S. currency fell out of bed, this would hit London brokers' profits. Two factors, however, would ameliorate the effect. First, the companies have taken to substantial hedging forward. Steel Burrill Jones, for example, has hedged 80 per cent of its estimated 1985 dollar brokerage.

"We are protected against a sharp drop this year," says Mr Steel. "but we would be affected on forward rates in 1986."

Ronnie Ben-Zur, 30-year-old managing director of newcomer Howard Group, says his company is conservatively hedged two years forward. He also points to what he calls a "natural hedge": capacity in the London market, whose limits are already tight. A decline in the dollar would allow more sterling business, thus expanding overall premium volume.

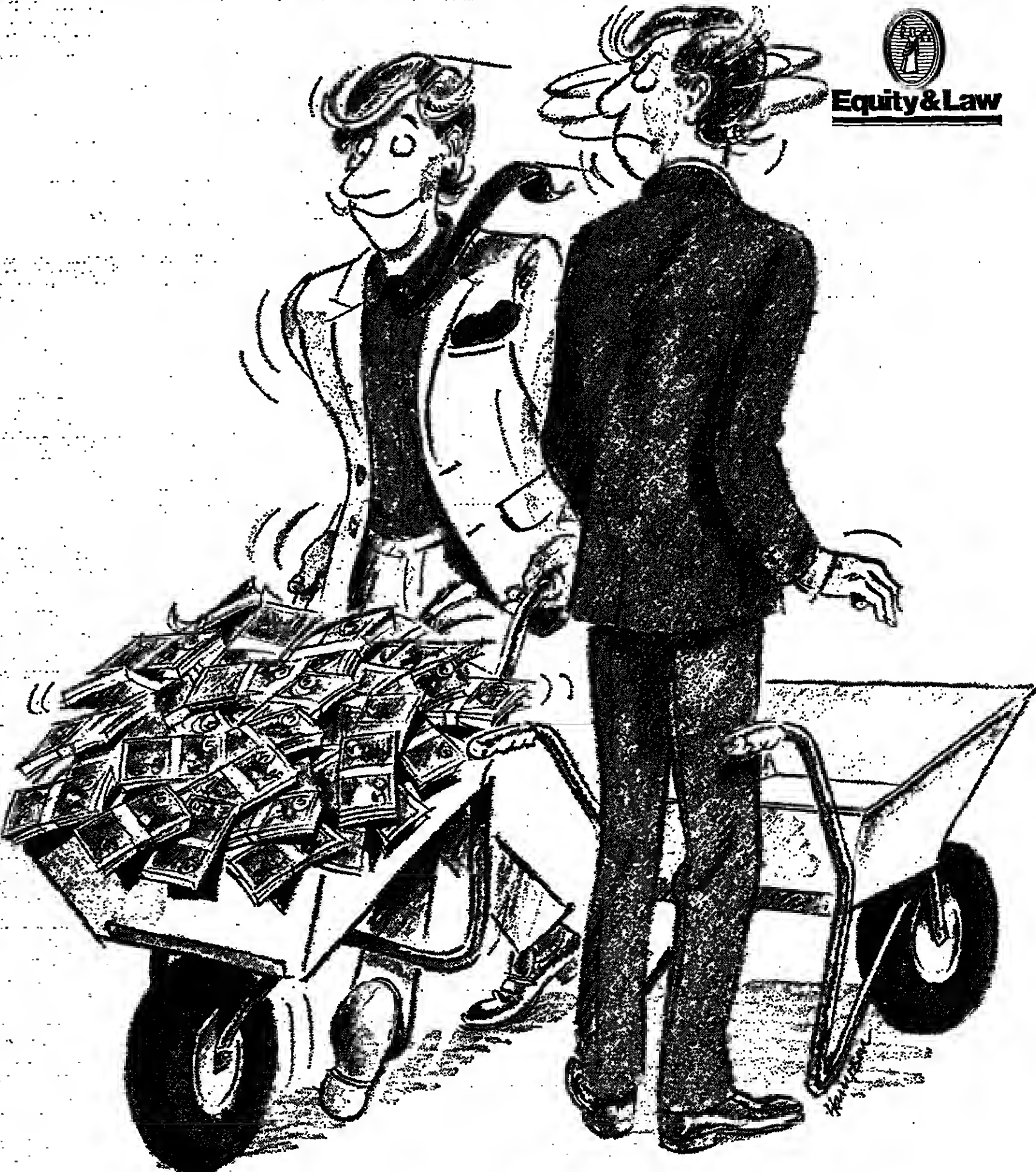
The Howard Group, whose issue is being handled by brokers Phillips and Drew and the Allied Irish Investment Bank, is placing 1.45m existing shares and 162,850 new shares, which will together represent 14.1 per cent of the enlarged issued share capital. Net proceeds will be £388,000, to be used to refinance the acquisition of A. Pople, a U.S. brokerage bought last year.

Pople specialises in the placing of general casualty risks, including excess liability cover for substantial companies, medical malpractices and blood-stock.

It is coming to the market at a placing price of 120p a share, giving a market capitalisation of £14.98m. Pre-tax profits in the year to September are forecast to be not less than £8.9m, against 1984 operating profits of £17.3m, putting the shares on an undemanding prospective p/e of 9.5 and a yield of 4.6.

Why come to the market now? Mr Ben-Zur says this will help the group's expansion plans. It is seen to moderate Howard's dependence on dollar income by acquiring a company whose business is largely denominated in another currency.

Martin Dickson



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Get a guide through the tax maze

I am an expatriate from the Far East and have been seconded to work in the UK for an organisation which has a branch office in this country. Since arriving 14 years ago I have bought a house and have been letting it for investment purposes. I have never lived in the house as I am given accommodation by my employer. My earnings on the property have been taxed. As my term is coming to an end I will be leaving this country soon. I am hesitant to sell the property as I know it has appreciated by about 15 per cent (or more) and any gain would be subject to 30 per cent capital gains tax. I understand that if I continue to let the property one year after I have left the country my status would become that of a non-resident and any subsequent sale would not be subject to CGT.

Once you have ceased to be resident in the UK, you will be exempt from CGT. You will find generally guidance in a free booklet, IR20 (Residents and non-residents: liability to tax in the UK), which is obtainable from your tax inspector's office.

Educating great-grandson

I wish to invest a lump sum of £1,000 for the benefit of my great grandson, to be used solely for his education, at the discretion of his parents, without attracting any tax. His parents and I both pay tax at standard rate.

A local solicitor can draw up a simple trust deed to achieve what you want. If the trust is discretionary (which appears to be what you have in mind), the income will be taxable at 45 per cent, under section 16 of the Finance Act 1973; the tax will be recoverable, however, if the net income is applied for your great grandson's education, etc., by virtue of section 17.

A sticky problem

The lime trees on the pavement outside my house drip sticky sap from their leaves all summer. This stunts the growth of plants in my garden. I also have to wash constantly my gate and car to avoid their paintwork being damaged. The trees are in the ownership of the Council as highway

authority for the Borough. Under pressure, the Council trims the trees every few years but not enough to prevent the damage described. Does the damage constitute a nuisance and do I have a remedy against the Council? Can I force the Council to replace the lime trees with a more suitable species? Can I cut back the trees myself. It is arguable that the trees constitute a nuisance. However, difficult questions can arise as to the ownership of the trees, as these may be sufficiently deeply rooted to be your trees rather than the Council's. It would be wise to seek to negotiate a compromise by replacing the trees with other more suitable trees. You can cut back the overhanging branches of the trees, if they are not subject to a preservation order.

Residence and taxation

I am a British subject married to a U.S. citizen and have lived in New York for the past 21 years. We were I to put £5,000 on deposit in a bank or building society in the UK for the convenience of having funds available for my son. I am subject to UK tax on the interest earned? My husband and I file a joint U.S. tax return.

My family and I are considering the purchase of a small flat in or near London with a view to spending (individually or together) several months a year in the UK. Is it possible for a non-resident British subject to obtain a mortgage in the UK? If so are there any preliminary steps which should be taken to facilitate this venture?

Interest would be exempt from UK tax, by virtue of the U.S.-UK double taxation convention, as long as you are resident in the U.S. only. During 1985-86, however, you are unlikely to find building society interest rates attractive. The purchase of a flat here could make all of you resident in the UK, for each year in which you respectively visit the UK, but the double taxation convention would mitigate the effects of dual residence. It is likely to be worthwhile to seek professional guidance through the tax pitfalls. As a first step, however, you could write to the Inland Revenue Public Enquiry Room, Somerset House, Strand, London WC2R 1LB, United

FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

Kingdom, for a copy of the free booklet IR200 (Residents and non-residents: liability to tax in the UK).

Save the ivy

My neighbours built a kitchen extension and as they are the other half of a semi-detached residence this large wall is unsightly from our windows, and cuts off a considerable amount of light from our ground floor room.

As we considered this wall to be extremely unpleasant in appearance, we erected a wire trellis, supported by two posts, so that it is not secured to their wall, and grew ivy on this trellis.

The extension was very poorly built with inadequate gutters, and a corrugated plastic roof which of course causes a lot of condensation, and they are finding that the walls are damp.

They now say that they wish to send in builders to work on my side of this wall to render the ivy on my side. I do not wish to destroy this ivy which has taken four years to grow and have a large cement-covered wall in its place. Have they the legal right to insist that I allow them to send workmen in to my freehold property to carry out this work?

The neighbours would have no right to enter your premises to render their wall unless they have been in the habit of doing so for at least 20 years. It sounds however, as if the extension is of too recent construction for this. If the wall is not precisely on your boundary and they can do all the work from their side of the boundary line they could remove your trellis to effect the maintenance of the wall.

Closure of a school

On January 1, 1982 I made a four-year covenant to a registered charity, a private boarding school. Three of the payments have been made. Unfortunately the school ran

into financial difficulties in 1983 and closed down completely at the end of the summer term, 1984. Needless to say I have not made the final covenant payment due on January 1 as obviously the school ceased to fulfil its obligations with closure. I now understand that in spite of selling all assets the school is still in debt and I have been told unofficially that I shall be receiving a communication from the school's accountants informing me that I am obliged to make this final covenant payment. Can you please advise me as to my position?

Unless the school is a company which has been wound up it seems that you remain obligated to pay the last instalment.

Tax inspector's mistake

I have a Building Society separate account for the SAYE contract which was always treated as free of income tax on the interest (except the basic tax arranged with the Building Society).

The net result is a total credit balance in the society of £1,240.88 at January 1985.

The tax inspector has written to me to say "my tax income assessment for the year ended April 5 1984 has been amended to include the interest from the SAYE account."

I informed the Inspector that higher tax rate (to which I am liable) was not chargeable on a SAYE limited investment. Now I have written to the senior Inspector (Tax) in charge to repeat my information on SAYE savings (Tax) and asked for explanation and detail of tax law changes which cause me to have to pay this higher tax rate.

I have also informed the Inspector for request for appeal. Please advise me of what steps I should take in defence and should I pay the demanded tax. The Inspector's letter says "The fact is that all interest arising on capital deposited with a building society is taxable and must be considered for higher and addition rates of tax."

The Building Society manager has said (letter) that this interest is not taxable being SAYE.

Your tax inspector has not taken the trouble to read section 415 (1) of the Income and Corporation Taxes Act 1970: "Any ... inter ... payable

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

under a certified contractual savings scheme ... in respect of shares in a building society ... shall be disregarded for all purposes of the Income Tax Acts.

Regrettably, ignorance of the law (and refusal to look it up) is becoming progressively widespread in local tax offices, judging by our postbag.

Property sale and CGT

My brother owns an 18th century schoolroom plus a lean-to which he bought for £800 about 15 years ago for use as a studio. It has a small piece of land and is worth about £20,000. He is retired and would like to sell it to augment his pension. One way to reduce capital gains tax might be to sell a half share to his son for cash in the coming year and then put it jointly on the market the following year—thus taking advantage of two years' exemption. The son would have to raise money to buy his share but could be recompensed by providing a profit element in the transfer price; or the father could give the son an interest-free loan by taking the money out of his building society.

The intention of the scheme would be to take advantage of the exemption giving a small share of the profit to the son. Would the Revenue regard this as tax evasion rather than tax avoidance, particularly if the transactions took place within a few weeks or months of each other?

The answer to your final question is no. Any contrived scheme to avoid tax is likely to be attacked on *Furniss v Dawson* principles, which you will have seen referred to in our columns from time to time.

You do not say whether your brother has ever lived in the property. If he has, or can conveniently do so, notice under section 101(5) of the Capital Gains Tax Act 1979 may substantially mitigate the prospective CGT bill. Since he will presumably be using the services of a solicitor in the contemplated transactions, it makes sense to ask the solicitor for guidance through the tax maze.

Looking up Down Under

BY KENNETH MARSTON

EVERYBODY SEEMS to be talking about the reversal in the rise of the U.S. dollar and this is understandable enough, especially if it heralds a slowing-down, or worse in the U.S. economy. But there is another dollar under pressure which has given the mining sharemarkets plenty to think about. It is the Australian dollar.

Not that this is causing any grief for the Australian mining sharemarket. The fall in the currency of over 20 per cent this year spells good increases in the domestic prices of the metals produced which are sold on the basis of U.S. dollars. So the natural resource stocks Down Under are enjoying a heady boom.

You can see what is happening in my chart of the gold price. The U.S. quotation has moved up this year in time with the fall in the U.S. dollar, but the greater fall in the Australian dollar has sent the price in that currency soaring to the point at which it has almost climbed out of the chart.

Much the same thing happened in the case of South Africa last year when the fall of some 42 per cent in the value of the rand lifted the average quarterly price received by the gold mines there from about R14,500 per kilogramme to R19,100 in the final quarter.

The rand has become steadier in recent times and thus, after reaching a peak of R22,500 in January, the South African gold price has since eased to R19,500. Curiously, this equals

the average price received by the Consolidated Gold Fields group mines in the first quarter of this year.

It is modestly above the level of the previous three months and this, coupled with the group's achievement in holding costs in check against a background of rising inflation, has resulted in the group's mines announcing further profit increases in the March quarter results published this week.

Clearly, if the rand holds steady and the U.S. dollar continues to fall, the South African mines will not do so well in the current quarter. But what happens if fears for the dollar result in some of the funds that have been flowing into the U.S. moving out into other havens?

One of these havens would probably be gold. Such a move has not happened yet, and may not do so, but if it does happen we could see a rise in the gold price in real terms; in other words in all currencies, not least the Australian dollar.

Important though they are, currency movements do not tell the full story. More crucial for the mining industry is the level of demand for its product and this brings us to a possible wind of change starting to blow through the base metal markets. Here again, the Australians are well placed.

Markets for some base metals, notably aluminium, are still in the doldrums. Copper, which is sometimes regarded as a bell-weather of metal markets, has been particularly depressed by

big surplus stocks and excess production capacity. It is now beginning to look more interesting with U.S. prices picking up.

While much of the high-cost production capacity remains closed down, a good demand by consumers has been steadily eating into stocks.

This process could lead to a further rise in copper prices because the closed-down capacity needs prices of at least 75 cent per lb to break even and is unlikely to be reopened until the owners feel sufficiently confident that the higher prices can be held.

The main worry is that the weakness of the U.S. dollar heralds a slow-down in the U.S. economy this could adversely affect the demand for copper and other base metals. In the meantime, however, the Australians continue to make hay while the sun shines.

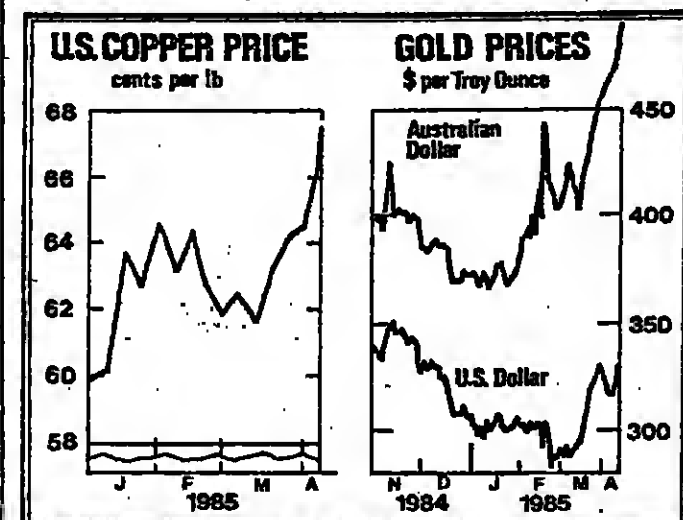
● The Consolidated Gold Fields group has decided to sell off its U.S. industrial assets and has made forward exchange rate arrangements to cover any exchange loss. It hopes to realise some £100m-£140m for the assets. The move underlines the group's intention to concentrate on the business it knows—mining and building construction materials—and to reduce its debt.

● America's Phelps Dodge is also offering its industrial interests for sale. Strapped for cash and losing money on its U.S. copper operations the company is concerned to reduce its heavy debt which amounted to \$606m at the end of 1984.

The assets involved are wire and cable companies in Thailand, the Philippines and India. In addition, the company is looking for a buyer for its 44.6 per cent stake in the profitable Black Mountain lead-copper, zinc-silver mine in South Africa's north-west Cape.

Talks have begun with potential buyers for Black Mountain, but Phelps's partner in the operation, the Gold Fields group of South Africa has a pre-emptive right to buy the interest. In all, Phelps hopes to raise some \$320m from the non-U.S. asset sales together with those of domestic assets previously reported.

Meanwhile, Phelps is hoping for a better year in 1985 after a heavy loss of \$267.8m in 1984.



A new investment company aiming at a balance of capital growth and income through investment in Scandinavia



HELLERUP SCANDINAVIAN FUND LIMITED

(Incorporated as a public company with limited liability in the Isle of Man on 13th March, 1985 under the Companies Acts 1931 to 1982—No. 26062)

Issue of up to 20,000,000 Participating Redeemable Preference Shares of 1p each at £1 per share payable in full on application

Since 1980, dramatic development in the Scandinavian stock markets has taken place which has greatly improved the potential so far as the international investor is concerned.

Scandinavian industry has in recent years experienced a period of rapid development and change, with a particular emphasis on the growth of technology-based industries. The Scandinavian stock markets now offer opportunities for investment not only in a variety of well known companies of international stature, but also in numerous smaller companies with high growth potential that are not yet well known outside their domestic markets.

The Fund aims to provide a vehicle through which investors can take an interest in a variety of companies selected from among the whole range of those whose shares are available to international investors on the Scandinavian stock markets. With its close connections in all the Scandinavian countries, both through the Directors and through Hellerup Bank A/S, the Investment Adviser, the Fund is well placed to make the most of the opportunities.

Copies of the Prospectus may be obtained during normal business hours on any weekday (Saturdays and bank holidays excepted) until 23rd April 1985 from

Hellerup Bank Trust Corporation (I.O.M.) Limited
Victory House, Douglas, Isle of Man
Telephone: 0624 24111 Telex: 627408

OR FROM

Laurence, Prust & Co
Basildon House, 7-11 Moorgate, London EC2R 6AH

Applications to subscribe will be considered on the terms of the Prospectus alone.
The closing date for applications is 23rd April 1985.
The minimum investment is £1,000.

MANAGER
Hellerup Bank Trust Corporation (I.O.M.) Limited
Victory House, Douglas, Isle of Man

INVESTMENT ADVISER
Hellerup Bank A/S
Ostergade 16, DK-1100 Copenhagen K, Denmark

SECRETARY, REGISTRAR AND ADMINISTRATOR
Tyndall Managers (Isle of Man) Limited
Victory House, Douglas, Isle of Man

CUSTODIAN AND BANKERS
Williams & Glyn's Bank (I.O.M.) Limited
Victory House, Douglas, Isle of Man

Hellerup Scandinavian Fund Limited (the Fund) is an investment company incorporated and resident for taxation purposes in the Isle of Man.

The Fund will operate in a similar way to a unit trust in that it will issue and redeem Participating Shares at prices based on their underlying net asset value.

It is expected that the Participating Shares will be listed on The Stock Exchange, London, with effect from 1st May 1985.

The Fund will aim to achieve a balance of capital growth and income through investment in Scandinavia.

The Directors intend that 10 per cent to 20 per cent of the Fund's assets will be invested in Danish and Finnish bonds and the balance in equities, spread between the Danish, Finnish, Norwegian and Swedish markets.

The Fund is intended to appeal to both private and institutional investors in a variety of countries and to Scandinavian expatriates who wish to take a diversified stake in the developing Scandinavian stock markets.

The Fund will apply for certification as a "unit trust" under the provisions of the United Kingdom Finance Act 1984.

Not less than 85 per cent of the net income of the Fund will be distributed by way of dividend.

To: Hellerup Bank Trust Corporation (I.O.M.) Limited, Victory House, Douglas, Isle of Man

Please send me ... copy(ies) of the Prospectus and application form for Hellerup Scandinavian Fund Limited

Name

Address

Postcode

FT1

Clydesdale Bank PLC

BASE RATE

Clydesdale Bank PLC announces that with effect from 15th April 1985, its Base Rate for Lending is being reduced from 13½% to 13% per annum

Barclays Bank Interest Rates.

BASE RATE

Barclays Bank PLC and Barclays Bank Trust Company Limited announce that with effect from 12th April 1985 their Base Rate was decreased from 13¼% to 12¾%.



Reg. Office: 54 Lombard St., EC3P 3AH. Reg. No's 1016167 and 925880.

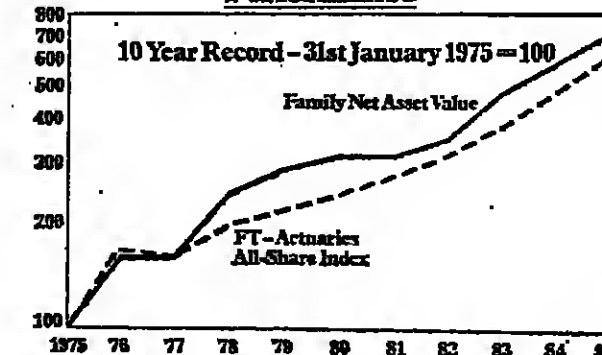
The Family Investment Trust plc

Highlights of the year

(ended 31 January 1985)

Gross Revenue £526,038+6.87%
Dividend per share 6.90p+4.55%
Net Asset value per share 265.7p+21.88%
Total Assets £11,692,614

Performance



Investment Objective

To invest principally but not exclusively in those small companies that are believed to have sufficiently good growth prospects to enable them to become the larger companies within a foreseeable time-scale.

MANAGERS

KLEINWORT BENSON

INVESTMENT MANAGEMENT

Copies of the Annual Report and Accounts (including a six page Investment Managers' Review) are available from the Secretary, 20 Fenchurch Street, London EC3P 3DB.

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YOUR SAVINGS AND INVESTMENTS

Dina Thomson on busted bonds
Profits from regimes that went for broke

AS THE Government of China looks increasingly to the West for means of raising new money it is likely to consider repaying its old debts to smooth the way. This is why holders of "busted bonds" are optimistic.

Those who have 10 Chinese Government bonds with a face value of £20 each, issued as the 5 per cent reorganisation Gold Loan of 1913 could, if China pays back its debts this year, earn £1,939.20. The smaller the denomination, the more bonds outstanding, the less likely it is that they will ever be redeemed.

You can buy one of these bonds, from about £8 or £10 each at current prices, fairly easily. And your reason for doing so could be that they are rather beautiful, as our reproduction shows.

But even if you are attracted by both aesthetic appreciation and the romantic notion of owning a piece of history, you should choose your busted bonds carefully.

Veterans of the art of scrippophily — the collecting of old bonds and share certificates — say that in the last decade there has been a burst of enthusiasm among collectors of old bonds. Prices have risen considerably, and collections on a particular theme, be it railways, gold or British breweries pre-1900, are getting harder to complete.

As with any collectible item, rarity increases the value of old bonds. In the case of share certificates, the name of the company, and the signature on them can boost their value.

Dealers suggest, for example, that a Standard Oil of New Jersey share certificate, signed by Rockefeller, would three or four years ago have cost you around £500-£550. Now its price is about £1,900-£2,000.

And if you happen to find a share certificate from the Hudson Bay company dated 1703 in your attic, do not get rid of it

£25,000,000, bonds with a face value of £19,691,880 remained outstanding three years ago. The cost of repaying in full could top £38bn. The smaller the denomination, and the more bonds outstanding, the less likely it is that they will ever be redeemed.

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And if you happen to find a share certificate from the Hudson Bay company dated 1703 in your attic, do not get rid of it



in a fit of spring-cleaning zeal — it could be worth as much as £4,000.

In the U.S. collectors seek out old bonds and share certificates as part of their industrial and commercial heritage. In Britain the interest is relatively new.

When stamp dealers Stanley Gibbons began to deal in busted bonds in the late 1970s, high inflation in the UK was attracting attention to investments in collectibles.

Prices rose steadily as speculators entered the market. The Stanley Gibbons catalogue of March 1978 shows a £100 5 per cent 1908 Chinese Gold Loan priced at £20. Its December 1979 catalogue prices the same bond at £1,500.

A £1,000 Chinese Marconi Treasury Bill of 1918 at 8 per cent is priced in the Stanley Gibbons catalogue at £130 in March 1978 whereas the same bond in December 1979 was quoted by Gibbons at £5,000.

Dealers suggest this bond is worth about £400 today. Dealers say privately that Stanley Gibbons misjudged its marketing of busted bonds and forced up the prices by aggressive selling. Speculators interested in short-term gains domi-

nated the market. By 1980, interest in busted bonds collapsed and thousands of Chinese and Russian bonds were unloaded on to the stockmarket forcing down the price.

Today dealing in busted bonds is more sedate. "If anyone going into busted bonds is planning to make a quick fortune they will hurt their fingers," says Leslie Tripp. At the same time, he stresses there is money to be made.

The condition of the bond, the date and number of the issue, the signature, and overall attractiveness are all important features in determining value. Collecting on a particular theme is a good idea, and you will find that prices vary from a few pounds to £500 depending on the bond. Busted bonds have also fetched much higher prices — as much as £3,500 in Britain last year — especially at auctions.

If you are interested in collecting busted bonds, you could approach one of the whole or part-time dealers in the UK, about 10 in all. They have a collectors' club which meets once a month, and Leslie Tripp of Scrippophily International Promotions, 156-170 Regent Street, London, could tell you how to get in touch with them.

Busted bonds are also sold on the stock exchange — and some are quoted daily in the Financial Times — but the ones you get there are likely to be pretty battered.

Stephen Edell examines how old people's interests are defended

Safeguards protect assets for the senile

MANY FAMILIES face distress and difficulty when their parents begin to lose their mental grip and need help in running their affairs. At least where the family is united, the obvious answer is to appoint a member of the family or a trusted friend or adviser to look after the parent's finances.

If the parent wishes to appoint somebody to do this, he creates a power of attorney. But at present English law invalidates the power at the very moment when it is most needed — it is automatically revoked by his subsequent mental incapacity.

The Enduring Powers of Attorney Bill, which is expected to complete its passage through Parliament by the end of April, will cure this major difficulty. It should help any family where mental incapacity threatens, however it is caused. If your parent becomes mentally incapable, there are for the time being only two courses open. You can continue to operate an existing power of

attorney for as long as you can persuade other members of the family and people such as bank managers to accept this.

Or, if you are unwilling or unable to do this, you will have to apply to the Court of Protection for the appointment of a receiver to run your parent's finances. That inevitably means some expense and delay and it involves a public body in your private affairs.

The new Bill will allow the creation of a new type of power (an Enduring Power of Attorney or EPA) which will not be revoked by subsequent mental incapacity.

If your parent uses the new power he will be taking a calculated risk because he will be unable to supervise the attorney once he has become incapable. Safeguards are therefore required, particularly since some well-publicised cases have shown that financial abuse of the elderly is not uncommon.

The first safeguard occurs when the EPA is signed. Your parent must be mentally cap-

able then — otherwise he is not in a position to take the calculated risk. And some unsuitable people are excluded from acting as attorneys.

The EPA must be in a special form incorporating a statement by the signatory that he intends the power of attorney to continue after his mental incapacity.

It must also be signed by the attorney and be independently witnessed. The attorney is prohibited from using your parent's assets to benefit anyone other than your parent — but he may use them to provide for the needs of any of your parent's dependents, including himself.

The second layer of safeguards comes into play when the attorney has reason to believe that your parent is becoming incapable. He must then apply for the power to be registered at the Court of Protection.

Before registration can take place the signatory and his nearest relatives must be noti-

fied. If they do not object the court will normally rubber-stamp the application without formality.

But if circumstances indicate that it would be unwise to allow the attorney to continue now that your parent is incapable, the court can refuse the application and require a receiver to be appointed instead.

The attorney can be a trusted financial adviser rather than a member of the family and in these cases professional rules of conduct may provide other safeguards. The Bill therefore permits the Lord Chancellor to exempt certain classes of people — probably including solicitors and accountants — from the requirement that they notify the signatory and his relatives before they register the enduring power of attorney.

Stephen Edell is a partner in a firm of Westminster solicitors. He was formerly a Law Commissioner with special responsibility for the Enduring Powers of Attorney Bill.

The right words in the right transfer trust

Eric Short looks at ways to avoid CTT

LIFE COMPANIES have been successful in marketing inheritance trust contracts to avoid Capital Transfer Tax. However, such schemes can be difficult to understand and complex to administer.

The basic principle is that the investor — the donor — gives the assets in the form of an interest-free loan. The money is invested in a single premium linked life bond and the loan is repaid in instalments under the withdrawal facility available under such bonds, to replace the income which has been lost.

Such schemes are designed to overcome the principal difficulty

in CTT planning — finding a way of giving assets without losing the income available from those assets.

A different version launched by two life companies enables donors to give away assets and still retain some income without having to make use of the interest-free loan facility, which is artificial and vulnerable to Inland Revenue attack.

Sum Life claims that all that that is necessary in CTT planning is to have a suitable trust wording. This, it says, enables the donor to control his capital, receive an income and even provide flexibility as to the eventual destination of the benefits.

Under its Flexible Transfer Trust, only one form needs to

be signed. There is a choice of 16 funds in the investment bond.

The giver takes out a single premium policy and appoints trustees, but the accompanying trust deed specifies that he is entitled to a fixed sum — usually 95 per cent of the initial investment, to take account of the 5 per cent initial charge that will be deducted.

This sum will normally be repaid at the rate of 5 per cent of the initial investment, but the donor has complete control over his entitlement and can demand full or partial repayment from the trustees at any time.

Skandia Life adopts a similar approach in its new Skandia Investment Trust, and again the key lies in the trust's wording.

The donor retains an interest in a part of the trust fund equal to the investment made, while the growth achieved by the investment is for the benefit of the inheritors.

The automatic income facility level must be determined at the outset. The scheme offers provision to increase the investment or return part or all the fund to the donor.

These two companies seem to have introduced a new generation of CTT planning products. They achieve the object of passing on assets to minimise the CTT bill without having to resort to tortuous arrangements. Both companies claim that the Inland Revenue is satisfied with the approach, so other life companies could soon follow suit.

George Graham on specialised unit trusts

The exotic route to a fortune

LEISURE AND health care sectors may seem too specialised for you to invest in. Unit trusts have been launched over more esoteric funds over the years, but the latest specialist offering has a broader focus.

FS Service Companies Fund will invest in service sectors such as financial services, distribution, leisure and advertising. The fund's managers see it "filling the gap between the diversified UK growth trusts and those which specialise in smaller companies or leisure."

The company's only other unit trust, the 14-month-old FS Balanced Growth, has turned in a performance that rival fund managers describe as "staggeringly good."

An investor who bought units at FS Balanced Growth's launch at 100p could sell them for 216p. The fund leads the short-term performance tables in Money Management magazine with 94 per cent growth over the past 12 months.

FS started small, and it may be difficult to maintain this kind of performance with a £2m fund. With a very small fund one or two good shares can make a tremendous difference to performance.

New unit trusts have often failed to live up to promise shown in the first year or two. This applies also to FS. Shares such as Samuelson,



which have risen by 60 per cent in the last six months, have helped performance considerably.

But the fund has done more than just ride the latest hot shares and new issues. Eleven of 24 shares it held six months ago are still in the portfolio, and none has risen in value by less than 20 per cent. So the managers can claim to have selected their shares skilfully.

Several of these successful shares, Saatchi and Saatchi for example, will also feature in the new Service Companies fund. But is there any need for a fund specialising in this sector?

Some financial advisers feel specialisation has gone too far, and that there is a risk of tempting investors to put all

their money into a gimmick sector when they should be in a more general fund.

Others found the idea appealing as a home for any spare capital, but not at the expense of a core, balanced portfolio. The Service Companies fund will be less at risk from a sectoral downturn than more specialised funds investing only in, say, health care. It can shift from leisure to financial services, for instance, areas which may perform well at different times.

The best days of the service sector could, however, already be over. "The name of the game now is manufacturing and recovery, and capital investment companies," according to one rival fund manager.

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Ireland of dreams and drisheen

BY ARTHUR SANDLES

IT WAS a coincidental meeting over a meal. The setting, a rural restaurant in Washington State, is immaterial. One of the party just happened to mention that she was thinking about a holiday in Ireland. Immediately there was a rush of enthusiasm. Recommendations of things to do, places to see, souvenirs to buy. Then came the question that silenced everyone. "Yes, but none of you have said why I should choose Ireland."

Ireland cannot be summed up in a sentence. Almost everything about Ireland is wrong. The weather is bad, the food not particularly inspiring. It is expensive and driving can be as much an irritant as a joy. And yet there is something magical about the place. I go there for my own holidays from time to time and love it. I cannot explain it.

Even the Irish Tourist Board, paid to promote the nation's attractions, admits defeat when asked the simple question: "Why Ireland?" All it can say is: "Ireland is unique. Its land, its people are like no other. There's an atmosphere to the place. And a welcome that remains with you. One visit will never be enough. It's a place to which you'll return."

Most visitors identify Ireland with its western attractions, and rightly so. Dublin is a pleasant enough place but it has adapted badly to the twentieth century. The west is a land where the dreams of Ireland become a reality. Its people have a sturdy independence and a joyfully

cynical view of the intrusions of the outside world and of authority.

To sample Ireland at its best, in the west, a car is an essential. If you survive the sea crossing, not usually one of the world's pleasantest, the drive from the southern gateways to the real west is pleasant enough. But I prefer to use fly-drive using Cork or Shannon as a starting point. (Details from Aer Lingus, British Airways and Dan Air.)

For Cork itself this is a big year, an 800th anniversary—or not as the case may be. The city is making much of its having held city status for 800 years although with Irish inevitability the day in 1185 that is being marked was more of a milestone than a starting point. Cork really owes its origins to St Finn Barre who started things going in or around the sixth century, or maybe not, since there are arguments even over whether he existed at all.

Confused? You will be by a city which is a bubbling melange of ancient and modern, legend and fact. From the clean almost scrubbed lines of the City Hall to the bustle and colour of the quaysides, where all the serious drinking and talking is done.

Now I can backtrack a little on my earlier slander about the food. Cork is something of a showpiece area for Irish cuisine. Its culinary wealth based largely on an abundance of good ingredients—fish, vegetables, beef, lamb and, almost above all,



Birds and boats: Kinsale, County Cork

affair. Talk you not of the black puddings of England, or of the *boudin blanc* and *noir* of France, until you have sampled the *drisheen* of Cork.

At the Arbutus Lodge the Ryan families, two brothers and their wives, do wonderful things with the offal of today, as well as less earthy fare. Dinner is a splendidly sybaritic experience, for lunch, however, I would stick to the bar area and sample local ale with tripe and drisheen.

I have not yet sampled, but have been urged to do so, the main Arbutus rivals, Longueville House, which is a little way from Cork City itself. Lovell's, which has a considerable reputation for its sea food and Ballymaloe House, with its own 300-acre farm and set in a castle with a Norman keep.

Criticism of Irish food is based, as far as I am concerned, on the problem of finding pleasant, non-alcoholic, restful places for a lunch-time repast in the rural areas.

Back to Cork, where the

"trails" that carry visitors around the main attractions are marked with green and white symbols which will guide you to the Red Abbey, St Finn Barre's cathedral (if your spelling differs from mine, put it down to yet another Irish mystery), Shandon Church, where you can climb the stairs and play the bells, and St Patrick Street, which curves so much simply because it is built over a river.

The Blarney Stone is only just down the road, a test of agility for all. It comes as a surprise to many visitors that this is one legend whose origins are not lost in the mists of Irish time. You can blame the Blarney Stone on a solid enough English queen, Elizabeth, who became so infuriated by the prevarication of the then Lord of Blarney, Cormac MacDonmot Carbery, that she exploded: "This is all Blarney—what he says he never means."

My own favourite stopping place nearby is Kinsale, so

pretty as to look like the film set it has often been. The little boats in the harbour seem at times to outnumber the thousands of birds that whirl around the place constantly.

If you do not want to keep moving around and simply wish to leave the car keys at home then Kinsale would be an excellent choice, particularly in June or September, out of the crowded main tourist season.

Renting a horse-drawn caravan for a week would cost our family of four £86 each if they went with their own car. Two adults travelling together on a fly drive holiday with hotels pre-paid, there is a choice of 48 of them would pay £272 each from London.

Details of these and other holidays can be obtained from local Irish Tourist Board offices which in the UK are in London, Manchester, Birmingham and Glasgow (see your local telephone book). The London address is 150 New Bond Street, London W1Y 0AQ.

Village hall on wheels

BY STUART MARSHALL

USING A car for moving furniture has its problems. Years ago, when my wife wanted a favourite chest-of-drawers taken to the upholsterer, I kept putting off the evil day with the excuse that I was waiting to test a really big estate car.

When a monstrous American station wagon arrived at my door, I knew my time had run out. The station wagon looked as big as a No 9 bus, but when I lifted the tailgate and offered up the chest-of-drawers, the sofa wouldn't go in. The roof was too low.

I wasn't going to be defeated, so I got my wife's Renault 4 out of the garage. A car in which dustbins can be stood vertically surely wouldn't refuse a measly sofa? It didn't. True, it wouldn't go all the way in, and the Renault look like a python trying to swallow a sheep as I drove triumphantly away. I've had a warm regard for the ugly Renault and infinitely practical Renault 4 ever since.

A 3ft-wide bed is a challenge to a big estate car. I had to get one up to my daughter's flat in London, but the Coleman-Milne Windsor rose to the occasion. The interior of this almost 18ft long stretched Granada looks like a village hall, cleared for a cricket club dance. The bed went in with masses of room to spare and the Windsor rode with regal dignity. There's nothing like an extra-long wheelbase to smother the bumps.

Coleman-Milne of Bolton specialises in cutting cars in half and welding them up again almost a yard longer than they were before.

Top groups use its Windsor estates. Its Grosvenor and Dorchester limousines, usually skid-turners, are usually skid-turners. If you can relax and come out of the turns more gently, letting its stickiness slow you down, you will enjoy it more. Corn snow appears only when temperatures rise and, usually, when the sun is out. This makes for shirt-sleeve, or even bathing suit, skiing—an unbecoming experience.

The U.S. ski areas are an excellent choice for business visitors who want to take a few days' relaxation. Let's hope the dollar tumbles a little more and makes vacationing more of a prospect.

Like most British recreational skiers I have a deep suspicion of the stuff. The difficulty is that skid turns cause trouble in corn snow—and once-year skiers are usually skid-turners. If you can relax and come out of the turns more gently, letting its stickiness slow you down, you will enjoy it more. Corn snow appears only when temperatures rise and, usually, when the sun is out. This makes for shirt-sleeve, or even bathing suit, skiing—an unbecoming experience.

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AT A GLANCE, it seems like any other Renault 4, the stub-tailed hatchback that is being heated out of Fiat plants at the rate of 2,450 per day. But look closely. The wheels are of light alloy, shod with ultra-low-profile Pirelli P4 tyres. The tailgate, with a built-in aerodynamic spoiler, is a plastic moulding. And the car sits lower on the ground.

Under the sharply sloping bonnet is a 1,301 cc engine, turbocharged in develop 105 hp. No Uno has ever gone like this one. When I drove it in Brazil last week I couldn't check Fiat's claimed 200 km/h (125 mph) maximum but the acceleration through the gears was from 45 mph upward in top gear was vivid. Fiat says the Uno Turbo goes from a standstill in 10.8 km/h (6.7 mph) in 8.3 seconds.

That puts it among exalted company. It should show a clean pair of heels to the Ford XR3i and a Peugeot 205GT—neither of which is turbocharged—and would be only marginally slower than the mark than Fiat's Abarth 130TC.

It is a considerable tribute to the soundness of the basic Uno design that little has had to be done to the running gear to cope with the higher performance. There is an anti-roll bar at the front, disc brakes all round (ventilated at the front) and stiffer dampers. The

steering is slightly higher geared. The Uno gearbox has been replaced by the Renault's 5-speeder.

Brazil's roads are not of the best though the beaches around Rio are magnificent—like Brittany but with much hotter sun, and water that is seductive rather than bracing. The Uno Turbo felt very firm over the cracked concrete but it cornered flat when I pushed it hard up winding minor roads between the wild banana trees.

The Uno Turbo's engine is completely new; it is not just a bolt-on turbocharging job. Fuel injection is by Bosch; the ignition is electronic; and the turbo-charger is water-cooled, just as it is in the Porsche 944 and Audi 200. An intercooler and oil radiator are standard.

Inside it is sporty, with a full array of excellent instruments. An electronic fascia is an optional extra. Fiat plans to sell 10,000 Turbos this year, 20,000 next, though Britain will take only 1,000 of them in 1985. It makes its debut here in July. What will it compete with? All the small turbo batches like the Nissan Sunny, the Mitsubishi Colt and the soon-to-arrive Renault 5. But also with the Peugeot 205 GTI, VW Golf GTI—and Fiat's own Strada Abarth 130TC and the baby Lancia Y10 with a turbo.

The price? My guess is well under £7,000.

saloon with seven inches more rear legroom. It has no division between front and rear. "The owner," says Coleman-Milne, "does not look or feel out of place behind the wheel if a chauffeur is unavailable." Which is more than can be said of some traditional super-luxury limousines in which the driver is cramped up to make more space for those in the back.

The other two Coleman-Milne exhibits were the Sandringham, a 30in stretched Sierra estate with three forward-facing rows of seats, and the Warwick. This is a lengthened Montego saloon, seating six plus the driver. Prices range from £18,500 for the Sandringham estate to

£28,500 for the X10D. Even longer and sleeker is the Jaguar Twenty Six, a 4.2-litre Jaguar lengthened by that amount and selling at £33,995. It is converted by Glenfrost, a Bristol coachbuilder, and sold by Guy Salmon, the Jaguar/Daimler specialist of Thames Ditton, Surrey. It is a full limousine.

The only one of these cars I have tried is the Granada-based Windsor. It performs perfectly adequately on its 2.8-litre V6 and automatic transmission. I wouldn't want to use one for commuting, but it was light and pleasant in drive. Parking was no problem, either. All you need is the space.

Enjoying the corn snow

BY ARTHUR SANDLES

SOME CALL it "corn snow," some "spring skiing," some just plain slush. It comes wet, thick and sticky and a lot of skiers hate it.

Corn snow is snow in small round lumps, like sweetcorn. It arrives with the best of the ski year—bright long days, hugging sunshine and high temperatures. It has a reputation for leg-breaking rivalled only by sheet ice. It hides rocks, makes you work hard, and slows

you down—and it's wonderful. This week corn snow surrounded Timberline Lodge in Oregon, on the side of Mt Hood, about 60 miles from Portland Airport.

Timberline was built as part of the Thirties "New Deal," a welfare project which brought hundreds of Oregon unemployed together to construct an all-weather palace on a mountainside at the spot where the trees end. The sense of being away from it all is remarkable. The mountain towers above you; below there is nothing but an ocean of trees.

Last week a massive snow storm swept through the western U.S. mountain areas, followed by a heatwave—hence the corn snow.

Like most British recreational skiers I have a deep suspicion of the stuff. The difficulty is that skid turns cause trouble in corn snow—and once-year skiers are usually skid-turners. If you can relax and come out of the turns more gently, letting its stickiness slow you down, you will enjoy it more. Corn snow appears only when temperatures rise and, usually, when the sun is out. This makes for shirt-sleeve, or even bathing suit, skiing—an unbecoming experience.

The U.S. ski areas are an excellent choice for business visitors who want to take a few days' relaxation. Let's hope the dollar tumbles a little more and makes vacationing more of a prospect.



Icy prospect: Timberline Lodge, Mt Hood, Oregon

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BOOKS

Doomed clan

BY GODFREY HODGSON

The Kennedy Clan: Dynasty and Disaster 1845-1984

by John H. Davis. Sidgwick & Jackson. £15.00. 738 pages

John H. Davis is a first cousin of Jacqueline Kennedy Onassis, whose maiden name was Bouvier. The Frenchman who emigrated to the United States in 1815, was multimillionaire when P. J. Kennedy was a saloon-keeper on Noddies Island in Boston harbor, and one of the themes of this book is the contrast between the styles of a rising and a declining house.

The author does not conceal his distaste, and indeed at times horror, for the ruthlessness and recklessness of the way the Kennedy family pursued money, fame, power and personal supremacy of every kind and at any price. And he claims, not altogether implausibly, that what President Kennedy was most notable for, the style of his administration, was something he owed largely to his wife.

It is his marriage, Davis writes, that gave Kennedy the image that helped him to replace the Eisenhower era with "the royal, reckless, short-lived, incandescent Kennedy-Bouvier moment in American history." And again, "essentially what survives from the Kennedy administration is its style and its charm, and that style was in the largest part the achievement of the President's wife."

Opinions differ about how reliable Mrs Kennedy's taste actually was. A colouring book, ostensibly for children, circulated in Washington DC shortly after her famous televised tour of the White House. "I am the White House," it said, "colour

me cerise." Some of the best writing in this book, and the quality of the writing is uneven, comes in the author's description of Mrs Kennedy's family background, and in particular of the family mansion at East Hampton, which sounds like a set for the 1950s Audrey Hepburn movie, *Sabrina Fair*.

Mrs Kennedy's father, a well-born but weak stockbroker known as "Black Jack" Bouvier, was a good-looking devil, and Davis reproduces a family snap that caught him in what the *Tatler* used to call a characteristic moment, holding hands with a remarkably pretty young woman at a horse show literally behind his wife's back.

Still, if the author has restored the balance by giving Mrs Kennedy and her family back some of the limelight from which they and everyone else were so relentlessly excluded by the Kennedys, this is by no means merely a gossip family chronicle.

It is a carefully researched and highly readable account of the whole Kennedy story, from 1848, when Patrick Kennedy, cooper, left Dunstanstown in County Wexford and emigrated to Boston, right up to 1984. By that year, Senator Edward Kennedy was in self-inflicted eclipse, if celestial bodies can be said to be *de se*. Media interest in the family focused, not only on the memory of a musical comedy called *Camelot*, but on police investigation into yet another family tragedy, the death of Robert Kennedy's son, David, from an overdose of cocaine in a Palm Beach hotel.

Davis spares the Kennedys nothing in his painfully detailed account of their rise and fall. Knowing from personal experience how the family accepts idolatry as its due, and

treats anything short of adulation as treason, I can well imagine how he is cast into outer darkness by the family and its retainers at Harvard and elsewhere.

Yet Davis tries hard and on the whole successfully to be fair. He points out that, if some of the Kennedys of the younger generation have been in trouble, many are talented and well-brought up young people, some of whom may perpetuate the family's tradition of self-aggrandisement through politics.

His ultimate judgment echoes the brave speech Edward Kennedy made at the Democratic convention in Madison Square Garden in 1980 which used as its peroration Rumpole's favourite quotation: "I'm much taken, much abides."

Much, indeed, Davis has taken us again through the whole saga: how Joseph P. Kennedy made his fortune—as mortgage forecloser, bootlegger, and share speculator; how he used his money to promote first himself, and then—when it was clear that his behaviour as ambassador to Britain on the eve of the war ruled him out forever from Roosevelt's favour—his sons. He spares no detail of the social climbing, the manipulation of the press, the "win at any cost" philosophy that drove on the old man and his sons.

Davis believes that the assassination of President Kennedy and perhaps also that of his brother, Senator Robert Kennedy, were motivated by the Mafia out of fear of the Kennedy brothers' determination to root out organised crime in America—a determination which Davis suggests has its origins in their father's conflicts with the Mob in his bootlegging days under Prohibition.



John F. Kennedy and Jacqueline Bouvier Kennedy on Polling day 1960

He argues—and he is by no means alone—that the CIA and the FBI helped to cover up because they were afraid of the consequences once it was known that President Kennedy and his brother had been co-operating with major criminals such as Sam Giancana, the Mafia boss in Chicago, who helped get the vote for Kennedy in 1960, and Carlos Marcello, godfather of the New Orleans Mob, in the attempts to assassinate Castro.

The fact that President Kennedy, while in the White House, was conducting a love affair with Sam Giancana's girl friend, Judith Campbell, may also have acted as a certain impediment to whole-hearted investigation.

This is not in the main a work of original research. Most of the unattractive facets of Joseph P. Kennedy were made known in Richard Whalen's biography, *The Founding Father*. The

manipulative streak in Jack Kennedy and in his father was beautifully pinned down in Joan and Clay Blair's *The Search for JFK*. The Chappaquiddick cover-up has been pitilessly exposed, and Judith Campbell has told all.

The links between the CIA and Mafia and the extent to which the Kennedy brothers were compromised in those intrigues were fully documented in three congressional investigations and well set out in Anthony Summers' *Conspiracy*.

Indeed, there is now no shortage of revisionist literature about many aspects of the Kennedy saga. But John H. Davis has brought it all together in one volume which would be enjoyable were it not for the questions it raises about the vulnerability of the most powerful society in the world to the systematic application of hype, mythopoeia and self-glorification.

Fiction

Film buffs

BY ISABEL QUIGLY

Queenie By Michael Korda. Collins. £9.95. 888 pages

The Juniper Tree By Barbara Comyns. Methuen. £5.95. 187 pages

Barrister By and Large By Charlotte Buckhaven. Michael Joseph. £8.95. 209 pages

The Fall of Kelvin Walker By Alasdair Gray. Canongate Publishing, Edinburgh. £7.95. 144 pages

Queenie is Michael Korda's disappointing block-buster: disappointing because his amusing memoirs of the Korda family in its film-making heyday promised something better—wittier, neater.

Of course he knows his stuff. *Queenie* is obviously written by someone who knows the underside of showbiz, the film world in particular.

It is the story of a beautiful Anglo-Indian girl, who soared to the top in the world of films. It is another raggedy-doll tale indistinguishable from others of its kind. *Queenie* Kelley from Calcutta (Irish father, half-Indian mother) becomes Dawn Avalon early in a spectacular career, marrying first a British-naturalised Hungarian-born film producer who is knighted (as Sir Alex was), then an Italian prince of fabulous wealth and glamour.

Compared with recent block-busters, it's a lot better written than *Morie*, and wholesome compared with *Lace*. On the other hand it lacks the dotty charm of *Princess Daisy* and the deft ingenuity of some of Jeffrey Archer's books. No literary merit, but a certain period and sociological interest.

Now to some real novelists.

The Juniper Tree is Barbara Comyns' first novel for 15 years and as welcome as spring. Here is a beautifully organised, well-written book that reads almost conversationally. Bella, the narrator, is a young woman scarred by her mother's harshness as by the car crash that damaged her face. She works in an antique shop in Twickenham, has an illegitimate small daughter whose father was black, and her story covers about five years.

The action involves the stalwarts of fiction, love and death, rejection and reconciliation, madness and harmony. Above all I was moved to a passionate sympathy with what happened: with Bella, with her few friends, her daughter, eventually her mother. Delicate, tough, quick-moving, it's a haunting book and, in its grasp of today's atmosphere and every age-group, an amazing achievement from someone born in 1909.

Charlotte Buckhaven's *Barrister By and Large* is in the tradition of Richard Gordon and James Herriot: a fictionalised account of real experience in a specialised world. The fun of such books is that they take the mystery out of the mysterious by showing just how measure the experts' expertise may be. Greener than green in the higher reaches of the law, eager, obliging, naive and good-natured, Charlotte arrives at the Middle Temple for her year's pupillage in a hot Bulgarian-made black suit, clutching an aged wig in so easily mislaid wig-bag. In the cosy freemasonry of chambers, with their coterie language and eccentricity, she is instantly bappy and fulfilled.

Anthony Burgess calls him "the first major Scottish writer



Michael Korda: blockbusting novelist

since Walter Scott." Robert Nye "an original and talented writer plainly in his prime." William Boyd calls his stories "potent behemoths in a class of their own." The TLS says his style is "limpid and classically elegant" and the Irish Sunday Times calls him a "vainglorious lout." That's Alasdair Gray, whose short, rather Shavian tale is about a young Scot on the make who comes to London in the 1960s without qualifications or useful work experience, expecting to find a job at the very top. Well, these days there's always television. In no time the brash immigrant is interviewing Prime Ministers and other nobles. And then—well, the tide's a slave-away. But the end is something of an artistic let-down as well, mainly because the book starts with such verve. In this story of a single-minded young Nietzschean there are some rather obscure lessons, particularly about happiness; and an idiosyncratic talent,

Saga of the Woolworth heiress

BY GEORGE MALCOLM THOMSON

Poor Little Rich Girl: The Life and Legend of Barbara Hutton

by C. David Hearn. Hutchinson. £12.95. 590 pages

Sir, Madam, have you ever wakened from a terrible nightmare? You have been given an immense fortune, say forty million pounds or dollars. It no longer matters which, on condition that you spend it all. An impossible task? Not so, it has been done. At the age of 21 Barbara Hutton became the owner of \$42 million dollars. To get the present value multiply by fifteen! It was growing by two million a year. When she died there was \$3,500 dollars in her bank account.

What had happened? Where had the money gone? To husbands, seven in all: princes, real and phoney; a Danish Count; a German Baron who was a nice fellow but, however,

did not get to first base in the game of marriage. Barbara was not narrow-minded—how could she be when her cousin Jimmy Donahue was the most flamboyant gay in America? But to find her unobliging husband in bed with another gentleman was too much.

Then there was inevitably a film star, Cary Grant, and, of course, that well-known Dominican "diplomat" and Latin lover, Porfirio Rubirosa. Finally, a Vietnamese chemist whom she insisted was a prince.

The average rate for an incoming spouse was two million dollars: the compensation for those who had failed to stay the course for about a million. Then, of course, there were those who had reached the bed but failed to make the altar. Their commitments varied but were substantial—estates, polo ponies, custom-built cars—all the customary rewards of the gilded gigolo.

It cannot be said that the social and intellectual level of the marriages moved much upwards or downwards with the years. She began by marrying Alexis Mdivani, one of several Georgian brothers who, after the Russian Revolution, opened a Georgian consulate in Paris which, among other political acts, is alleged to have supplied documentary evidence of their right to be princes. The marriage, which did not last long, cost Barbara two-and-a-quarter million dollars.

She moved on to a (genuine) Danish count, Count Revendow who became in due course the father of her only child. But the whirligig had not stopped spinning there:

"You're too impetuous," an aunt told her. "Maybe I haven't met the right man yet." "Nonsense. You've already had too many husbands. You must be doing something wrong.

Have you tried rotating your hips?"

But even this recipe did not work. Barbara moved on. After reading about the financial details of Barbara's so-called love-life, it is easier to understand how she got rid of the fortune accumulated by her grandfather, founder of Woolworths.

But sex was not the only conduit through which the money flowed away. There were also doctors to grapple with but hardly to cure, her addiction to drink and drugs. And, worst of all, in her opinion, there were the lawyers. After her death they presided over the final depletion of her fortune, the jewels, the table that had belonged to Madame de Pompadour, the parure of rubies and diamonds once worn by a Portuguese queen, and all the rest of the surviving heap of loot. "Lawyers are the dregs," she said to Cecil Beaton. "They

only exhaust your money and your moment of vision."

The life of the Woolworth heiress is a gloomy farce played out on a darkening stage. It begins with a too-plump, too-rich girl who thought money could buy anything: it ends with an emaciated woman in her sixties, unable (or unwilling) to eat, weighing eighty pounds, carried to her Rolls Royce from her bed on which she had lain motionless, waiting.

"It takes so damn long," she said to a visitor. "What does?" "Dying."

Even death could not be bought. David Heymann tells the whole sad story of the self-destruction of a woman and the corruption of a small layer of society without any attempt at romanticism or fake pity. Not an edifying tale, but thoroughly researched and expertly told.

Wartime turning-points

BY ZARA STEINER

The Turning Point: Roosevelt, Stalin, Churchill and Chiang Kai-Shek 1943, the Moscow, Cairo and Teheran Conferences By Keith Sainsbury. Oxford. £17.50. 373 pages

At a time when so much is being written about Yalta it is exceedingly useful to be reminded that many of the issues decided at that fateful conference were foreshadowed by the Teheran discussions. In this competent monograph which covers the narrative from the Moscow, Cairo and Teheran meetings of 1943, Keith Sainsbury proves his contention that Teheran was the turning-point of the war.

It was at this first summit encounter between Roosevelt, Churchill and Stalin that the shifting balance of power was translated into the specific military and political arrangements which culminated in the Yalta agreements. The Americans had become the senior partner in the Anglo-American alliance. For the first time, Roosevelt disregarded Churchill's strategic arguments and fully supported his Chiefs of Staff.

The President insisted that "Overlord" be launched no later than June 1 1944 only one month later than the date agreed upon at Quebec. The continental invasion supported by "Amvils," a landing to be made in the South of France by forces diverted from Italy, ended Churchill's hopes for an Eastern Mediterranean strategy and a possible move from Italy through the so-called "Ljubljana gap" into the Balkans. The Americans would go no further than an arrangement to main-

tain sufficient forces in Italy to move north from Rome to Pisa and Rimini. American military superiority was translated into strategic supremacy.

These military decisions like those reached at Cairo with Chiang Kai-Shek had important political consequences. In south east Europe the Soviet Union would be free to determine the future of all the Balkan states. Teheran was also a diplomatic turning-point. Roosevelt, con-



Stalin: cause for self-congratulation

vinced that Russia would be the dominant force in Europe at the war's end, was determined to establish a working partnership with Stalin. Dr Sainsbury rightly depicts Roosevelt as the supreme realist, unduly suspicious, however, about British

imperial appetites and far too sanguine about Stalin's future intentions. The American-Soviet front at Teheran was created at British expense. Roosevelt purposely distanced himself from Churchill and courted Stalin. In so doing, he secured what he considered his main aim, a Four Power directorate that would keep the peace. Stalin's assent to the American accord with Chiang reached at Cairo, and a promise of future assistance in the Far Eastern war.

Stalin, too, had cause for self-congratulation. "Overlord" in June 1944 would shorten the war, to keep his Allies to that promised date was all important. The Russian leader had thwarted Churchill over Poland and the Balkans and kept rival armies away from his southern flank. He had good reason to believe that he could have his way in Eastern Europe and his price in the Far East.

Roosevelt's optimistic reading of Stalin's position raises questions which continue to haffle diplomatic historians. Dr Sainsbury at least underlines the consistency of the President's behaviour between Teheran and Yalta. "Though he accepts the American case for a cross-channel invasion and the military arguments against Churchill's diversionary plans, D Sainsbury is highly critical of Roosevelt's excessive dovishness, his over-earnest pursuit of Soviet friendship, and, above all, the President's failure to give warning signals over the troops crossed the 1941-42. But this book is a good read on British policy and the published material has been supplemented by a good deal of archival research.

Mysterious manuscript from Cloud Nine

BY RACHEL BILLINGTON

Novel with Cocaine

by M. Azevedo. Translated by Michael Henry Heim. Picador. £7.95 paperback £2.95. 174 pages

Novel with Cocaine is the single known work by a Brazilian, possibly, though not certainly, called Azevedo who disappeared in the 1930s. He was last located in Istanbul from where this manuscript was sent to Paris. It was re-published there last year and comes to England for the first time. It is a unique piece of writing, superbly translated by Michael Henry Heim.

Cocaine enters the novel only in its final stages. It comes, like another and most menacing character, as the culmination

of the protagonist's youthful experiences. Vadim is 16 in 1916 and his growing-up is done in a Moscow filled with the echoes of revolution. His character is seen in relation to three strands of life: home, school and women. In each area there is one person who predominates and brings out his attitudes. At home it is his mother, a "pitiful" figure whose grey hair, wrinkles and threadbare humility causes him such frightful repulsion that he disowns her. The tenderness he cannot entirely eradicate leads him to greater and greater brutality.

Of his school-friends, the most important is Burkewitz, who, spurred on by the ridicule of the class, rises from ignominy to scholastic triumph. To him,

in a moment of need, Vadim shows some kind of love. But it is this same friend who, in the last pages of the book, becomes Comrade Burkewitz, representative of the new order who cannot (or will not) help Vadim, the cocaine addict.

Women first enter the novel as a source of disgusting sensual pleasure. Vadim himself is diseased, an illness which he displays proudly to his comrades as proof of his erotic superiority. However this youthful stance of cynicism and bravado is a torturing disability when he falls in love with the "deep blue-eyed" Sonya. For he finds he cannot love romantically and sensually at the same time. Only by despoiling her, does he feel physical desire. Her kisses

"have too much effect on the heart to affect the body." Sonya, understanding this, sends him a letter of dismissal.

Cocaine takes hold of him in the depression that follows. As he enters a drug-induced state of mind, Azevedo's style, previously extraordinarily varied and original, becomes flat and documentary. He also uses the present tense. It is an indication of a kind of death. "Reflections" follow this first experience, a gradual descent, leading to a final report from the hospital where he is brought, barely alive.

Novel with Cocaine is a short book but its pages are crammed with memorable incidents, characters and descriptions. Vadim's mother's chair

looks like "a charred tree stump," a class-mate, otherwise handsome, has the "glass eyes of a bird." Sonya makes her first appearance in men's pyjamas. The pyjama top collar was turned up around the head of a charming woman, whose backless, high-heeled roller slippers flopped and scraped as she walked."

Words are used as if newly invented, reminding one that Azevedo was a contemporary of Zamyatin—recently reviewed on this page. "The city seemed to hang in the sky like a gigantic icon-light. Vadim thinks as he nears the end. 'The frost was hard and dry. Everything felt ready to crack.' The inanimate gives vigour and reality to the imagining of the mind.

CRIME WATCH

ORGANIZED CRIMES

Nicholas Von Hoffman

Hoffman's style has the sure, sharp tap of the two-lane shoe. Nicholas Shakespeare, *The Times* "stands somewhere between James Farrell and Dashiell Hammett, but it stands there on its own feet." Robert Nye, *Guardian* £9.95

LAST SEEN ALIVE

Dorothy Simpson

"Simpson can disinter the past with the best of them, and her portrait of a small community is matchless." Marcel Berlins, *The Times* £8.95

SWITCH

William Bayer

"A novel in which the grit and madness of New York are palpable. It does high honour to the grand tradition of the American psychological thriller." Thomas Kenally £8.95

THE ROADS OF EARTH

Allen Drury

"Ex-political correspondent Drury takes on the most important subject in the world and tells it as it could well be. A long, enthralling read." Allen Prior, *Daily Mail* £9.95

MICHAEL JOSEPH

Italian patriot

BY DAVID PRYCE-JONES

Cavour by Denis Mack Smith. Weidenfeld & Nicolson. £12.95. 292 pages

The kingdom of Piedmont, tucked away at the foot of the Alps, was one of the smaller cards in the game of 19th century politics. Nonetheless it was Piedmont that destroyed both the Bourbons in Naples and the temporal power of the Papacy, ended Austrian rule in Lombardy and then Venice, finally affecting the balance of power in Europe. This was the achievement of Cavour, its prime minister until his untimely death in 1861.

Those who know Italian history through the books of G.M. Trevelyan imagine Cavour as a sort of Italian Mr Gladstone, full of high-minded ideals, more like marble than flesh and blood. To Trevelyan, the steps in the unification of Italy were somehow "progress," and so inevitable. Mr Mack Smith depicts a very different Cavour in this fresh study of him, a cynical realist, master of every political skill, principally the wholly unscrupulous and ruthless manipulation of men and issues. No sentimentalist, Mr Mack Smith is characteristically robust, and his Cavour is not only as readable as anything by Trevelyan but much more convincing.

The man who unified Italy was actually born French, in that Napoleon was ruling Piedmont at the time of his birth. Cavour's private letters are in French; his spoken and written Italian remained imperfect. He scarcely knew his own country, and never visited the south although he was quite prepared to invade it. His contempt for his Italian contemporaries (indeed for pretty well everyone except Sir Robert Peel and up to a point Louis Napoleon), had little or no limit. Though willing, he declared, to lay down his life for Victor Emmanuel, the king he served, he hoped never to have to see the monarch.

Like Bismarck, he could become incoherent with rage when thwarted. He kept mistresses, but loved nobody. Self-aggrandisement led him as a matter of course to act in advance on his own political decisions in order to enlarge his private fortune.

Cavour's bleak view of the human race seems to have come from his father, a careerist aristocrat at the head of the Piedmont secret police. The mob, Cavour believed, had to be tightly reined. Custom and discipline were invariably preferable to change and freedom. Of all his enemies, he loathed most deeply the republican Mazzini.

For most of his career, Cavour neither anticipated nor desired unification except perhaps as a distant goal. He perceived the active nationalist minority under Garibaldi as a dangerous revolutionary threat, as adventurers more likely to destroy than to create. Their successes in the field, in Sicily and then in Naples, forced his hand.

The fascinatingly devious relationship between the two men has been described in scholarly detail in Mr Mack Smith's *Coron and Garibaldi* 1860, his first book, and now reprinted alongside the new work. A simple and honourable soldier, Garibaldi assumed that his movement must sweep all before it. Much of Cavour's misunderstanding and misrepresentation of Garibaldi was deliberate, for he judged public opinion to be far more conservative. What has come to look like shameless and selfish exploitation on his part of Garibaldi's victories in fact averted the longer-term prospects of factionalism and civil war. It is for this element of sound judgment that modern Italy can be grateful to Cavour, as Mr Mack Smith makes quite clear. Otherwise unification, as is the way with the outcome of history, was just luck.

Noble family

BY A. L. ROWSE

The Earls of Derby, 1485-1985

by J. J. Bagley. Sidgwick & Jackson. £15.00. 258 pages

Family history may be said to provide the real thread of history; yet, where we have hundreds of biographies of individuals, we have only a score or two of good, readable family histories—of which this is one. I suppose the fact is understandable, for nothing like so many families could provide so rewarding a subject.

The Stanleys are certainly one; and the present Earl of Derby—who has carried on the family tradition nobly and done so much for Lancashire and the north-west—has had the good idea of commemorating the quincentenary of the earldom with a history of it. With the second most ancient of earldoms on his back, one can appreciate the Victorian earl's refusal of a dukedom: he didn't want a few "new strawberry leaves."

That same earl, colleague of Disraeli and Gladstone, translator of Homer and "the Rupert of Debate," was the cleverest man of the family—odd man out, for he was really an intellectual, not much appreciated

by Queen Victoria. He returned the compliment. On the popular excitement over her Golden Jubilee he commented truly that he "had not yet managed to work himself into a state of enthusiastic gratitude to her for having reigned 50 years." One would have to be very grand and aristocratic, which he was, to take such a line.

When offered the crown of Greece, he would not even consider it. Disraeli as usual put his finger on the point: "It is a dazzling adventure for the House of Stanley, but they are not an imaginative lot. I fancy they will prefer Knowlesy to the Parthenon, and Lancashire to the Attic plume."

Dear Dizzy, I'll bet he wouldn't have refused the crown of Greece, if offered to him. Here is a clue to the family history: cautious, commonsense and independence of mind. A no-nonsense family, like the Cavendishes and Cecilis—not like the Russells.

What a sensible man the Victorian Derby was! Against the Crimean War, against the Zulu war and intimidating China with a show of force; in favour of handing back the Transvaal to the Boers, and getting out of the Sudan. He would have shed a few colonies, where possible: "we have black men enough."

Similarly the under-estimated Derby of World War One was a man of sensible judgment. He supported Lloyd George as the man to win the war but after it he wanted to maintain the Versailles settlement, not to undermine it. He was quite right, as was his son, Oliver Stanley, who realised that Chamberlain's appeasement of Hitler was futile.

The Tudor period was that of the ascent of the family, from the battle of Bosworth, which they practically decided. The Civil War was well-nigh disastrous, with the execution of the Earl, loss of estates and the destruction of their vast house at Lathom. The loss of historic treasures, pictures, manuscripts, artefacts must have been tremendous—historians, who are so aesthetes, never tell us about that.

The Stanleys of that time were ineluctably caught out for once; in the conflict between King and Parliament—hitherto, and later, they managed a remarkable balancing act and saved their skins. Very sensible pathos with the 18th century Earl confronted by the Jacobite invasion of 1745: "What, for the best I am much in doubt, and am only sure would do the best if I knew it."

HOW TO SPEND IT

by Lucia van der Post

Dressing the expert way . . .

. . . and here's how

IT IS SPRING and that moment in the year when one's wardrobe looks least inviting. Winter's clothes look somehow used and all too familiar and yet it isn't quite the weather for larking about in sundresses and crisp cottons. Most women's reaction to this syndrome is to rush out and buy a new outfit—something, anything to give themselves and their wardrobe a lift.

But, according to those whose business is fashion, this is exactly the wrong way to solve the problem. It is the reason most of us end up with wardrobes full of clothes and not a thing to wear. What the professionals advise is planned buying, proper appraisals of what you need and what can be made to work with the clothes you already have. Haphazard buying, impulse purchases are what leads to a turquoise blouse that doesn't quite go with the long-line skirt that doesn't have a decent belt and shoes with the wrong height of heel for the clothes you have.

Instead of a new outfit you are probably much better off taking a serious look at your clothes, making proper lists of what you need to update the things already lurking in the wardrobe.

If you feel that you've never quite got things together, never found your own individual style, and that what you need is some professional help, then there are now more and more people who have set themselves up to do just that. There are shops run by women of confidence and flair, that offer an authority of style which, if you decide is compatible with your own, will turn out to be a source of sartorial confidence to which you will return time and time again.

And there is now a growing band of freelance fashion advisers who, for a fee, will come to your house, assess your wardrobe, help you sort the chaff from the wheat and set you on the road to a newer, more confident you. First of all, let's look at one specialist shop—Wardrobe.

THE SHOP SPECIALIST

SUSIE FAUX, who owns and runs the two Wardrobe shops at 17, Chiltern Street and 3, Grosvenor Street in London's West End, believes firmly that fashion is a serious, professional business and can't understand why more people don't see it that way. "After all, if you're ill you go to a doctor, if your house needs attention you go to an architect, why shouldn't you seek professional help with your clothes?"

The philosophy behind Wardrobe was summed up cleverly in the first big advertisement she ran—"At Wardrobe, we think it's more extravagant to buy a £5 t-shirt you loathe than a cashmere sweater you adore," it went. She believes fervently that a few really good clothes do more for anybody than a mass of bits and pieces.

She finds more and more women who have important jobs in industry and the city need help with their clothes. They have money and they want to look good but they are too busy being good at banking/law/accountancy to have had much time to suss out the shops or to find a personal style.

This is where Wardrobe comes in. Either Susie Faux or one of her specially-trained assistants will help her build up a wardrobe geared to her life-style and her own face and figure. They take a great personal interest in their clients, filling in personal profile cards of each customer, listing what they have bought so that they know what could usefully be added.

They would rather a customer left with nothing than bought the wrong thing because as Susie puts it: "If she goes into a room looking wrong, we have lost all the other women in the room as potential customers." They hope the first time she comes to them she will go out in one outfit, preferably one that will work with the colours she has already got in her wardrobe, and from then on they will help her build around it so that nothing is ever wasted. "I have customers," says Susie, "who are still wear-

ing clothes they bought here years ago."

She mainly sells clothes by the German designer Jil Sander as well as MaxMara and Georges Rech, and there is no doubt the prices take some getting used to—£200-£400 for a jacket is par for the course. Susie, though, insists her customers are not rich. "We are not catering for women so rich it does not matter—my customers cannot afford a mistake."

There is no doubt she inspires confidence in her customers, helping them to find their own style and get their own eye in. Janet Fitch, who is photographed right, in one of her favourite Wardrobe outfits, is a regular customer. "To begin with," she admits, "I had this huge resistance to the prices but eventually I bought a culotte suit which turned out to be wonderful and I realised I had got better value out of it than all the bits and pieces I used to buy."

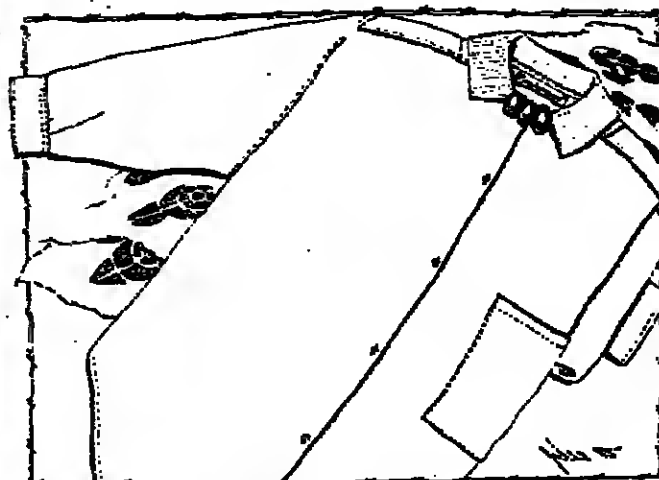
"Gradually I found myself buying more and more from Wardrobe and less and less from other people. I like the fact that they know me and my taste and shopping now does not take too long. I like the clothes because I feel put together in them without it all looking too deliberate. They have a certain laid-back quality, they do not look obviously smart or expensive and look as if they were waiting with other mums outside the school as going to a smart lunch at the Caprice."

Susie Faux knows her clothes are expensive but insists that most professional women, if they want to get or hold down good jobs, cannot afford not to dress well.

She is almost evangelical on the subject, claiming that to see a woman's confidence in herself almost visibly grow is what it is all about. "We get professional women in here who know that they have not got themselves together—we advise them not just on clothes, but on hair and make-up and when you see a fairly plain woman emerge as a very attractive personality it is immensely satisfying."

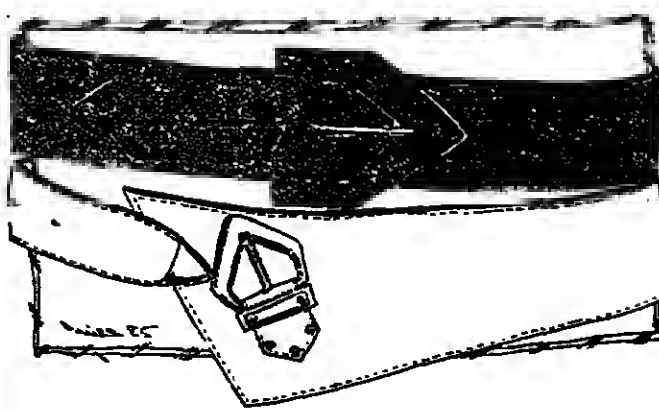


Janet Fitch in her favourite 'Wardrobe' outfit



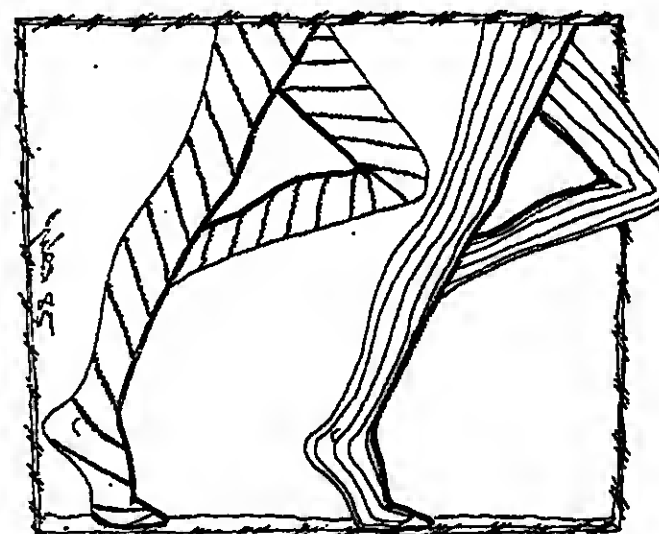
NOBODY with the smallest interest in fashion can have failed to observe that The Shirt has staged a big comeback this spring. Many of you may have one or two in your wardrobe which you can pull out and up-date by adding a wide, low-slung belt. If you are looking for a 1985 shirt, every decent fashion chain

sells them from Ralph Lauren's impeccable, fine cotton version at £105 to the remarkable good value one for £14.99 at The Warehouse shops. Sketched here is a roomy version, with good big armholes (a point to watch out for) from Fenwick of Bond Street, London W1. By Pamplonense, £12.95.



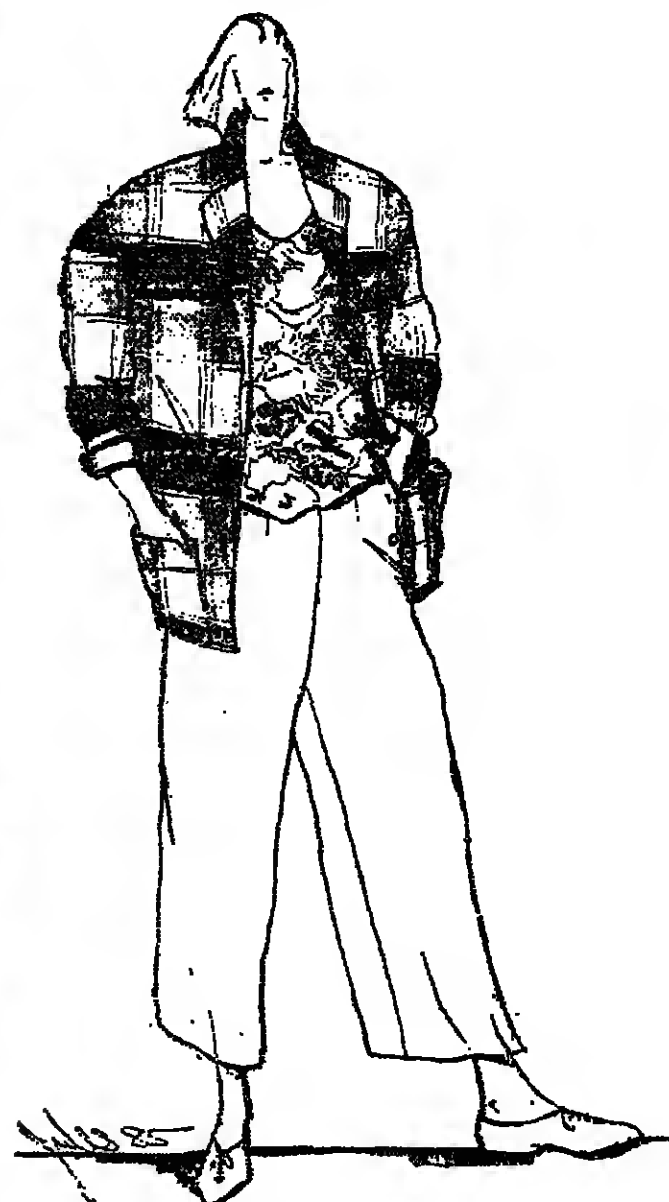
THERE IS a big interest in belts this season—look for ones with interesting buckles, often set off-centre. There are also lots of curly belts which look good worn slung low over the hips as opposed to round the waist. Any good fashion store should have a

wide selection of belts but here are two to give you the idea from Fenwick of Bond Street. Both are by Otto Glanz (a good name to look out for). The uniformly wide belt with the large buckle is £18.95, the curving one with the angled buckle is £21.95.



TIGHTS are important—Jaeger has some marvellous muted colours this spring, including some hard to find shades such as the nearly black, colour called Moonblow (the nearest to the naked leg I've seen), and a good, creamy colour that isn't too yellow called Rice. Made in very fine

denier (15) they are £13.5 a pair. Look out, too, for Christian Dior's striped tights (sketched, above right) which at £2.95 look very new. For a crazier leg Mary Quant has some brightly coloured zig-zag stripes (sketched here left) in bright colours also at £2.95 a pair.



LINEN is still very much a high-fashion fabric and nowhere does it come cheap. Bargain of the year, though, must be the linen collection now to be found at just five of Marks & Spencer's leading stores. In authentically crumpled linen, there is a co-ordinating collection of vests, jackets, wide-legged trousers, and full skirts. The linen jacket, in a combination of pale pink, grey and sand colour woven check, is £45. This can be worn with plain greyish linen trousers or flowered ones (£35) or with a plain, floral or checked skirt (£35). The linen vest (floral or plain cream or greyish-green) is £16.99. If this collection appeals to you waste no time in buying it—it is expected to be the sell-out of the season and you can find it at Marks & Spencer Marble Arch, the Pimlico branch in Oxford Street, in Newcastle, Manchester and £45. This can be worn with Argyle Street, Glasgow.

Drawings by Julia Findlay

HOME HELP

THERE used to be a splendid advertisement for Vogue magazine, which featured a young woman all wrapped up in brown canvas with the tagline "Be nothing until you're called in a fashion adviser. These are women with personal style and confidence who will come to your house, go through your wardrobe, size up the old shoes, the crumpled T-shirts, the scarves and the bag-hag of things that lurk in most of our cupboards, and help the owner emerge looking chic and all of a piece."

If all that sounds too good to be true, it is amazing what a thoroughly professional, detached eye can do for even the most motley collection of unpromising-looking material. I tried two of them out on

my own rag-bag accumulation of clothes, some good and expensive, some cheap and cheerful and I learned a great deal from both of them.

First of all, on a snowy, mid-February day came Ceril Campbell. Ceril dresses people professionally for films and TV commercials, it is her business to keep up with the fashion world, she goes to all the fashion shows, knows what's in and out. She offers a wide range of services—for a fee of £100 in London she will come and sound as long as it takes going through your wardrobe, helping you achieve a personal look, advising what to keep, what to throw out, how to give an outfit new life with a scarf, a piece of jewellery, a belt.

She has found in the past that it is the really rich who least like paying for her service—it is professional

women who feel that £100 is well spent if it gives new life to the existing clothes and prevents them making expensive mistakes in future.

She soon homed in on the gaps in my wardrobe. Why did I have so many grey pairs of trousers, each doing almost the same job as the other? (Quite right, a big waste of money there.)

She was clearly fairly horrified (though she was most polite about it) by quite how many clothes I had and recommended some ruthless pruning. "But everything that you will never wear again into boxes and I will give you addresses of where to sell them. If you can't hear to part with an item but aren't going to wear it this year, put it another box and stack it away to clear some space in the wardrobe." She perceived that most things were getting too crushed and that I needed to store things better—hangers all the same height would help. ("Buy them in packs at Sainsbury's in Gloucester Road," she told me); and I should get another shelf built in the wardrobe so that shirts could be folded flat.

One of my favourite cardigans, which had never looked quite right, she transformed by just getting me to wear it with a narrow matching belt. My surfeit of "greys" could be given a new lease of life by going shopping for a mustard and/or maroon shirt with a stand-up collar.

She left me with a shopping list of what my wardrobe needed (some brown boots, navy lace-up shoes, a navy 1920s style pleated skirt, a smart jacket and the mustard/maroon shirt). She'd shown me how to make a sweater look dressy for evening by adding a lace collar, how to cinch in a skirt at the waist and, above all, perhaps, given me confidence to start being bolder on my own. If I had



Pictures by Roger Taylor

Shawna Moss with her "bag of tricks"

wanted her to, she'd have tracked down the pieces I needed herself or accompanied me on a shopping expedition (though this service, of course, has to be paid for).

Next, when we were into spring, along came Shawna Moss. Shawna sent me a letter first, asking me to lay out all my accessories, no matter how old, all my belts, scarves and jewellery on one side of the room, skirts, shirts, dresses

and suits on the other. She came with a folder full of photographs showing this year's accessories and trends (like where to get clothes dyed, needed, where to buy jewellery, etc.). She also came with what I called her "bag of tricks"—a mass of scarves, jewellery and belts which she proceeded to use to show me how I could make something of some relatively dull outfit.

A silk navy blue trouser-suit which had never quite worked was made to look quite stunning with a fasciasilk scarf tied low on the hips, some fascias at the neck and some startling earrings. She advised me to buy some baby-pink to perk up my navy things, worked out ways of using a Jasper Conran jacket that, though lovely in itself, I'd never found a role for belted at the waist, worn over a long cream skirt, it looked wonderful. She believes in wringing away until you are satisfied with an outfit, then writing it down on a piece of paper, including all the accessories and planning it up on the inside of your wardrobe—this means you don't have to start from scratch each time.

She likes to show people how to buy a few good things that will last and last and then how to re-cycle them with plenty of accessories. She cheerfully mixes what she calls the "cheap and cheerful" with the better things.

Shawna Moss charges £50 for a five hour wardrobe and make-up consultation (as she puts it, "one mistake nowadays can easily cost you that amount") and like Ceril Campbell will also accompany you on shopping expeditions at a charge of £15 for a three-hour shopping expedition.

Both girls seemed to me to be amazing value for money—each of them has style and confidence, were able to advise me without making me feel in any way small or inadequate: on the contrary I was left feeling much more confident about how to cope in future.

Ceril Campbell can be reached by telephone on 01-731 5989.

Shawna Moss is at 14 Kemps Road, London SW6. (Telephone 01-736 3686).

NEXT WEEK:
Men's fashion

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Abbado conducts Mahler, 'live' and on record

A magnificent Seventh...

BY MAX LOPPERT

Claudio Abbado and the London Symphony Orchestra migrated on Thursday to the Festival Hall for the latest instalment of the Mahler-Vienna Festival. They produced there an outstandingly fine concert, which had as its greatest triumph—and it may well come to be reckoned one of the whole enterprise—a cogent, powerfully sustained and most beautifully played performance of the Mahler Seventh Symphony, possibly the hardest work in the entire Mahler canon to bring off successfully.

Before it, however, the programme had offered Weber and Boulez, thus demonstrating another difference between this and most of the Mahler-Vienna Festivals (the Seventh being normally considered sufficient in itself). Abbado touched off the Weber Five Pieces, Op. 10, with supreme delicacy and precision: not a note misplaced, not a pause snatched or too long-drawn, and a sense of light and air between the spaces that is the mark of truly convinced (and

convincing) Weber performance. Boulez's *Notations*, his recently orchestrated re-working of four early and long-lost piano pieces, such the listener into their imaginative world with thrilling ease. The LSO, playing difficult music as well as it did this, makes one wonder all over again how and why its standards can fluctuate so alarmingly from concert to concert.

The perennial problem of the Seventh remains that of holding the line of argument from first movement, with its disturbing emotional complexities and proto-Weill harmonic tang, through three exquisitely wrought middle movements, to the end of the noisily celebratory finale (*Meisterlied*—Iko in intention but not in achievement). For Abbado, the problem appears not to exist. The individual character and sound-palette of each movement were defined with masterly flexibility (the *Andante* of the *Andante* around a constitutionally sound of the most perfectly poised and balanced Mahler ensemble I can



Claudio Abbado

recall in this hall), yet the whole work seemed to hang together as well as it can or ever will. "Thematic" festivals such as this require no special pleading when concerts of this calibre are their product.

...but manners are not enough

BY ANDREW CLEMENTS

On compact disc Mahler is evidently unstoppable. Bruckner is still far from adequately represented, but already duplications of the Mahler symphonies abound: now the least popular, least recorded of the canon, the Seventh, makes it on CD for the second time. After Bernard Haitink's eminently sane and refined version with the Concertgebouw for Philips comes Abbado's equally phlegmatic account with the Chicago Symphony, the latest instalment of his complete cycle for Deutsche Grammophon.

Perhaps it is just a bit too phlegmatic. The Seventh is the problem Mahler symphony, not only because the finale requires the most astute handling if it is not to seem irredeemably banal; the earlier movements sometimes demand an approach quite different from anything else he wrote. To my mind, no conductor on record has ever realised their unwieldy modernism as astutely as Boulez used to do in the concert hall. Abbado is quite conventional in that respect, though characteristically he takes enormous care with the pacing of every texture.

The surreal elements, especially in the pair of *Nachtmusik*, suffer as a consequence. While I would generally avoid any approach to conducting Mahler which suggested eccentricity, I'm not sure there is not a case for something larger than life here: Abbado's good manners do not fit the bill any more than Haitink's self-effacement. Both of them do too good a job at integrating the symphony within the accepted world of Mahlerian expression.

Fine-grained lectures are also one of the hallmarks of Giulini's *Das Lied von der Erde*: he obtains marvellous playing from the Berlin orchestra and on compact disc the recording is equally lucid. But I have never thought of Giulini as a natural Mahler conductor, though he has recorded at least the First

Symphony before. This performance contains some memorable things, but it does not consistently born with the insidious one expects in this of all works. Intensity is certainly in abundance in the final *Abschied*; for many listeners, that might well sway the balance in favour of this version. Brigitte Fassbaender is a highly persuasive soloist here, cool-toned yet phrasing with intelligence and demonstrating an acute sense of what she is actually singing about, while Giulini treats the orchestral interpolations as miniature tone poems, etched in vivid detail without any necessity for superficial rhetoric. The earlier contralto songs go almost equally well, though without ever quite the same degree of vocal and instrumental poise.

Problems come with the contributions of the tenor, Francisco Araiza. Perhaps there has never been an entirely successful version of these movements since Wunderlich recorded them for Klemperer; the reconciling of the vocal demands of a *Heldentenor* with something much nearer *Lieder* singing is hard to achieve. Araiza's lack of involvement with the words of his songs is in pointed contrast to Fassbaender, and he does not offer much heroic tone as compensation. Giulini, too, sounds happier with the score's more confidential moments, usually assiduously to the contrary, and handles some of the extroversion of the earlier numbers almost self-consciously. Connoisseurs of this work will need to hear Fassbaender; in this of all Mahler scores duplications are almost essential.

The new *Klagende Lied* promises to have the CD field to itself for some time to come. There is at present only one version of this product of Mahler's early adulthood available on LP. Haitink's 1974 recording, and that follows the composer's own wishes and omits the first part of the cantata, *Waldmarchen*. Like Boulez, Rattle restores this music, in

Mahler: Symphony No. 7
Chicago Symphony / Abbado, Deutsche Grammophon 413 773 (two LPs, cassettes, compact disc)
Mahler: Das Lied von der Erde
Fassbaender, Araiza, Berlin Philharmonic/Giulini, Deutsche Grammophon 413 459 (LP, cassette, compact disc)
Mahler: Das klagende Lied
Dise, Hodgson, Tear, Rae, CBSO Chorus, City of Birmingham Symphony/Rattle, EMI EL270136 (LP, cassette) CDC 47089-2 (compact disc)

doing so making the young composer's debt to Wagner that much more obvious, with echoes of the Ring lying side by side with music that could easily have come from the Resurrection Symphony.

Rattle is an accomplished Mahlerian: the same could not be said of all the singers he uses here. There is nothing wrong with the conception of any part of this work, but sometimes it loses its focus. Despite the presence of Helena Dörmann there is something inescapably English about the enterprise, as if everyone apart from the conductor would have preferred to be singing *Elijah* or *Gerontius*. A great deal of the orchestral playing is first rate: once or twice its vividness goes, even though Rattle keeps the rhythms sharply crimped and with more involved soloists the textures bright and brittle, overall result might have been very different.

Britten Composers' competition winner

Simon Andrews, 26-year-old composer who lives in Oxford, has won the 1985 Benjamin Britten Composers' competition which is held every two years. Highly commended were Philip Cashlan (21) from London, and Peter Seabourne (24) from York.

Simon Andrews will receive £750 and his work, *Shadows of Morning*, will be given its first performance on June 20 during the Aldeburgh Festival.

The Lear behind the laughter

BY JOY MELVILLE

IN 1831, when Edward Lear was 19, he drew a self-portrait of himself, which he considered amazingly like "Add only—that both my knees are fractured from being run over, which has made them very peculiarly crooked—that my neck is singularly long, a most elephantine nose—and a disposition to tumble over and there—owing to being half blind, and you may very well imagine my tout ensemble."

Lear was an epileptic, and suffered from asthma. But he had the gift of being able to make people laugh, he was happy to be thought "three parts crazy and wholly affectionate." A new exhibition of his work, which opens this week, "Edward Lear, 1812-1888" (Royal Academy, April 20-July 14, shows him also as a workaholic: Nonsense drawings and books, and his vast but lesser known work as a landscape painter and natural history draughtsman to the last 40 years of his life he painted more than 7,000 watercolours alone.

The second youngest of 21 children, Lear was brought up by the eldest, Ann. She taught him to paint birds and flowers, and at 15 he started to draw "for bread and cheese," though at that stage he admitted he "only did uncommon queer shop-sketches" and "morbid disease drawings for hospitals." A year or so later, he turned to drawing only birds.

Echoing Flaubert, he became fascinated with the parrot. He obtained permission to draw parrots in the new Zoological Gardens, spending so much time there that visitors to the parrot house began to watch the artist as much as the parrots. He, in turn, made little acerbic sketches of watchers (on show in this exhibition). By the time Lear was 18 he had completed, to critical acclaim, the first two folios of his book, *Illustrations of the Family of Psittacidae, or Parrots*.

After its success (the preliminary drawings are also exhibited) Lear was asked to stay at Lord Stanley's home outside Liverpool, where there was a private menagerie. Some of the watercolours Lear painted there are on display: so are his first illustrations to the Nonsense rhymes. While entertaining Stanley's young children with absurd drawings, Lear had across a book of lineaments. He inspired him to write and illustrate his own "nonsense," such as:

There was a young person of Kew,
Whose virtues and vices were few;
But with blameable haste,
She devoured some hot paste,
Which destroyed that young person of Kew.

Poor health forced Lear to leave England. In 1837, aged 25, he set off with a sketchbook to travel through Europe. He settled in Rome, which he thought an artists' paradise. His only regret was his bachelor status. As he wrote to a friend: "With goodness I could get a wife! You have no idea how sick I am of living alone. Please make a memorandum of any lady under 28 who has a little money—can live in Rome—and knows how to cut pencils and make puddings."

In 1841, Lear published his first travel book, *Views in Rome and its Environs*, which his



Lear, drawn in 1840 by Wilhelm Marstrand

biographer, Vivien Noakes, calls "a superb book of fresh, carefully observed drawings, rhythmically composed and confidently handled." His second, published in 1846 and also exhibited, was *Illustrated Excursions in Italy*. Queen Victoria was full of admiration and asked Lear to give her lessons. ("He was very pleased with my drawing and very encouraging about it," she wrote). The same year, Lear published his first illustrated book of nonsense.

After three years, Lear returned to England. But he hated England's "loathsome climate."

He wrote to Emily Tennysen: "Stay here I won't, I am growing moustaches in sign of going elsewhere." And off he went, to Egypt and Palestine.

Despite up to 20 epileptic attacks a month, Lear was an intrepid traveller, painter, and reporter. The exhibition includes his *Journals of a Landscape Painter in Greece and Albania*, in *Southern Calabria*, and in *Corinth*. But as the years passed, fashion changed: his nonsense books were liked, but his paintings were no longer sought after. He felt this keenly.

In 1871, tired of his peripatetic life, Lear moved into a villa at St Remo.

His exhibited diaries and letters from then on show him being progressively more feeble. Lear himself acknowledged this:

"He only said, 'I'm very weary. The rheumatism has said. He said, it's awful dull and dreary—I think I'll go to bed.'"

He died peacefully in 1888.

forthwith I am growing moustaches in sign of going elsewhere." And off he went, to Egypt and Palestine. Despite up to 20 epileptic attacks a month, Lear was an intrepid traveller, painter, and reporter. The exhibition includes his *Journals of a Landscape Painter in Greece and Albania*, in *Southern Calabria*, and in *Corinth*. But as the years passed, fashion changed: his nonsense books were liked, but his paintings were no longer sought after. He felt this keenly. In 1871, tired of his peripatetic life, Lear moved into a villa at St Remo. His exhibited diaries and letters from then on show him being progressively more feeble. Lear himself acknowledged this: "He only said, 'I'm very weary. The rheumatism has said. He said, it's awful dull and dreary—I think I'll go to bed.'"

TODAY'S TELEVISION AND RADIO

BBC 1
10.30 am *Indicating programme*
11.00 am *News*
11.30 am *Weather News*
12.12 pm *Weather News*
12.15 pm *News*
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1.30 pm *News*
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LEISURE

Janet Marsh on the William Morris legacy

Updated News from Nowhere

AMONG THE prized decorative works of the past, the most ephemeral are wallpapers and fabrics. Wall hangings have scarcely survived only where offcuts were left forgotten in an attic, or some long-dead paper-hanger was too lazy to strip old paper off the wall before redecorating. Good fabrics properly cared for have a better expectation though even here moth, dust, light, and—worst of all—the combined enemies—fashion do their worst.

A charming comment on the whimsies of fashion comes in a film that has just opened in London, *A Very Noisy Night*. An old lady from the country marvels at the pretty models of the young belles of a brothel. "When I was young," she says, "there wasn't such a thing as fashion. Clothes lasted us for years—a lifetime sometimes." This in turn recalls the experience of a friend in East Anglia, whose curtains still remain serviceable and even smart after 130 years: they were an investment by his grandfather who bought everything on the impeccable principle, "I am a poor man, so I can only afford to buy the best."

It was this kind of best, no doubt—durability and quality in wear as in aesthetic quality—that was the aim of William Morris and the Victorian and later designers stirred by his example. Their success on both counts is amply evidenced by an unusual exhibition of more than 60 examples of William Morris's designs, including his famous "Twill" and "Whitewash" designs, at the Victoria and Albert Museum, 185, Kensington Church Street, (X) continues until the end of next week.

Morris, inevitably, dominates. As well as the pioneer, he was the most prolific designer of fabrics and the most energetic

manufacturer. The firm of Morris and Co. founded in 1861, continued in business until the Second World War, by which time the vagaries of fashion and escalating production costs had left them unable to compete with the more commercial industry.

Morris, however, had left his indelible impress on concepts of standards of design—an influence still felt everywhere in the world. Linda Parry's definitive 1983 monograph on William Morris Textiles records specimens of Morris's work that are prized in public collections from Adelaide to Leningrad. Ms Parry also renews the sense of wonder at the range and energy of this stout, scruffy Victorian with his battered felt hat and unkempt whiskers.

Insatiable scholarship was allied in Morris with unerring and uncompromising taste. A breathtaking gift for design went with a great appetite for practical activity. Setting up his weaving factory at Merton Abbey, he drove himself so hard at manual work that he could hardly hold a pen. His collaborators recalled that when he was experimenting with dyes for his stuffs his hands were horribly hued for weeks on end.

The industrial revolution saw its climax and apogee in the Great Exhibition of 1851. Tradition has it that the 17-year-old Morris refused to enter the Crystal Palace from revulsion at the style and standards represented there. Reacting against the debased and mechanical designs of the High Victorian era, Morris was just too late to retrieve and preserve some remnants of earlier traditions. Thus, he brought to his factory old superannuated weavers from Spitalfields, pain-

takenly reconstructed the ancient mysteries of vegetable dyes, and imported a weaver from Lyons whom he affectionately called "Froggy."

"The vegetable dyes which are principally used," said the catalogue of Morris and Company, "give to these fabrics a quality of pure colouring quite different from the usual manufactured dyes."

Morris, happily, was not a romantic purist in the way of Ruskin, with his conservation of old cottage industries in the Isle of Man and Cumberland, or of more recent hand-weavers with their treadle looms and restricted geometric patterns. Morris slightly re-created, but did not smother the use of sophisticated Jacquard weaving and of steam power, and collaborated with commercial manufacturers. This made possible the great range and brilliant colour demonstrated in the current exhibition, which gives the small Kensington gallery the air of some oriental bazaar.

The Morris exhibits are in the majority but there are rarer pieces by other great designers of the period. A length of fabric in characteristic design by Dr Christopher Dresser, as bright as new, was the first item to be sold from the exhibition: the lucky buyer had opened an entire day before the doors opened to be sure of getting it. A pair of curtains and a hanging by E. J. Talbot were clearly intended to complement the designer's furniture, with its sophisticated reinteriorations of ecclesiastical Gothic.

From the later Arts and Crafts period there are four examples of fabrics by C. F. Voysey, including a hanging in



William Morris: Uncompromising taste

woven wool that in itself rates as an individual work of art.

It is still occasionally possible, given a sharp eye and good luck, to find specimens of fine craft fabrics unrecognized in country sale rooms. Buying in London can represent a considerable investment. Prices in the Haslem and Whitewash exhibition range from £50 for an anonymous art nouveau table cover to £2,500 for an embroidered silk hanging by Alexander Fisher. A pair of Talbot silk curtains is £1,650; and a three-yard length of Morris silk in "Oak" pattern is £1,800.

Such prices do not seem so high when viewed in relation to

the impossibility of recreating such meticulous work, the continuing life expectancy of good fabrics (given proper care—which does not preclude use) and the original cost.

A hundred years ago, Morris's most expensive commercial design, "Peacock," woven in five colours, sold for 25s a yard, 6 ft wide—a considerable sum, considering that it was more than the average weekly wage of a working man. The most expensive fabric Morris ever made, "Granada" (1884) cost a prohibitive £10 a yard. Even the cheap prints, at 10s or so, were probably even further beyond the pocket of the man in the street than they are today, now that they are collectors' items.

Wisden is with us again: Alan Forrest reports

Rabbits in a bouncer stew

AS OUR nostrils twitch at the first smell of summer—green grass and tinned oil—the great Yellow Book drops on our laps. Wisden comes but once a year, bringing a pre-season controversy. This year its editor, John Woodcock, is getting all worked up about the bouncer.

Now the bouncer has been with us a long time. To put the uninitiated right, a bouncer is a short ball delivered by a fast bowler, sometimes at between 80 and 100 mph, coming at the batsman high enough to concentrate his mind and lots of other vulnerable parts of his body.

It has always been a legitimate shot in a fast bowler's armoury. It is meant to intimidate. Let us not be mealy-mouthed—it is meant to hit the batsman if he doesn't (a) get out of the way; (b) run for cover; (c) try and hook it only to be caught out on the boundary. The great Australian Dennis Lillee once admitted that his bouncers were "aimed to hit the batsman with the object of making him wonder whether he was wise to go on batting." So what is Mr Woodcock on about?

He chooses a particular incident to reinforce his argument. Last year in the Oval Test between England and the West Indies, a rabbit batsman, Pat Pocock, was sent out as a "night watchman" for England—which means he was expected to defend his wicket until close of play until we could get down to the gritty grime of hitting runs the next day.

The West Indies bowler, Marshall, kept "bouncing" him—strictly against gentlemanly cricket traditions that you don't "bounce" inferior batsmen. "It was a woeful piece of cricket, entirely lacking in chivalry," Woodcock says.

An old England player, a batsman who gave up first-class cricket 15 years ago, said: "I would have thought John Woodcock would have realised by now that cricket isn't a chivalrous game. In my time I've faced as many as four bouncers in an over, although they weren't very good ones."

Maybe those great West Indian bowlers have turned the bouncer into something more vicious than it was ever meant to be. But I'm not even sure about this. On the game Woodcock chooses for his argument, one would have thought that a man who goes out as a "night watchman" must expect the worst.

The new Wisden is, as always, a splendid publication. What worries me more than bouncing is the pitiful state of English bowling. As Wisden says: "The archetypal English bowler is now a medium-pace with a long run. He is frankly a trundler."

Wisden goes to the heart of the trouble—the growth of limited-over cricket that dominates the game financially. "Unless we are very careful," it says, "international will drive out the Test match, even in India, as inexorably as the grey squirrel drove out the red."

But on to the new season, with Australia here and a battle for the Ashes. I expect a lot of bouncers, in spite of Mr Woodcock, from that controversial figure Geoff Lawson. And what would the game be without them?

Recall the story of Fred Trueman going out to bat at Headingley. The bowler was a young cub quickie. The first ball he sent to Fred was a bouncer and the great man was thunder-struck. Ah well, he thought as the blood pressure went down, the next ball came, the last of the over, and another bouncer. Trueman walked down the wicket and spoke to the young man. "Hey, lad! Are the tired of life?"

Wisden Cricketers Almanack, published April 18, £11.95; paperback £9.95

Trevor Bailey on today's FA Cup semi-finals

Little Luton could laugh last

SEMI-FINALS of the FA Cup seldom are memorable as, with so much at stake—Wembley and a passport to Europe as well as the cash and glory—fear of losing tends to suffocate skill, creativity and imagination. There is a chance that both today's games could prove exceptions.

They feature three of the most accomplished teams in the land: Everton, already assured of the league championship and also looking probable finalists in the European Cup-Winners Cup; Liverpool, still the most feared club in European football; and Manchester United, who, despite having a 14-match unbeaten run ended rather strangely this week by Sheffield Wednesday, are capable of beating anybody.

The fourth semi-finalists, and sole representatives from the south, are Luton, whose victory last Monday at Stoke, lifted

them just out of the First division relegation zone, where they have been for months. On the three occasions I have seen them, it was hard to understand what they were doing there, because they played attractive and effective football. But after an indifferent start to the season, Luton were plagued by serious injuries and, without sufficient cover, lost confidence.

Manager David Pleat now has solved these problems, partly by making some wise purchases such as Steve Foster, who has brought stability to the back four, and Nick Harford, a big asset up front.

The most difficult result to predict is at Goodison Park, where Liverpool meet Manchester United. A draw looks a logical outcome today, but I feel Liverpool will be the eventual winners because of their experience, especially in Europe—where they look certain to reach another

European Cup final. Unless United score quickly—never easy against the Merseyside machine—they could become desperate and lose cohesion. The Everton-Luton semi-final looks so much of a foregone conclusion it was not even included on pools coupons. Howard Kendall, destined surely to be manager of the year, an outstanding team, with skill, exceptional resolution, and, most important of all, an outstanding defence. Everton have not conceded a single goal in seven European matches. It is hard to imagine little Luton winning.

Odd things do happen in semi-finals, though, and I have a hunch that they might spring a major surprise, possibly through Nwajobi who has the ability to create scoring opportunities from what any defence would consider safe situations.

Antony Thorncroft evaluates Oriental carpets

Market recovers from revolution

ORIENTAL RUGS and carpets have an excellent opportunity to make a comeback to the world that they have finally shaken off the deleterious effect of the Iranian Revolution, and the economic recession in the west, and are once again a stable, balanced, and appreciating sector of the art market.

Prices may not be much higher than they were a decade ago, but they are certainly a lot better than they were in 1980. The autumn sales at Sotheby's and Christie's were reassuring and both auction houses are optimistic about their sales on Wednesday and Thursday respectively. Indeed, Christie's reckons this to be its best auction of rugs and carpets for five years.

The overthrow of the Shah destroyed production in the major supplier of fine rugs and carpets and removed many of the buyers: the leading workshops in Iran were closed and the market was further weakened as those Iranians who managed to escape with some possessions fled with their carpets at low prices. Today, Iran is exporting again, but the quality is not up to the former standard. In the main the sale-rooms concentrate on older rugs and carpets and have not developed a *modus vivendi* which is also from changes in Iran.

The Americans have become keen buyers, especially the West Coast rich. Gulf Arabs are also active, usually dealing through agents and now listening to the advice of experts rather than aiming for the fancy. There are still many European collectors, and, at the lower price levels, private buyers are re-appearing. There are sectors that look cheap—the medium-quality Turkish, and classic rugs and carpets of the 18th century whose condition forbids their use on floors—but in the main prices are on average 50 per cent above those of five years ago.

The highest price of the week should be paid at Christie's for a large Isfahan Sarafan carpet produced early this century. It is very much to the Iranian taste and might be bought by an exiled family on the West Coast or go to the Gulf. Its estimate is £80,000-£90,000, a figure arrived at by its large size: it measures 17 ft 4 ins x 12 ft.

The strongest sector among the Iranian carpets is for those produced in north-west Iran, in Heriz and Isfahan. An antique Heriz carpet carries an estimate of £18,000-£25,000 and may well be snatched after by the booming

Savonnerie carpet carries a top estimate of £12,000. Both sale-rooms have a few Chinese carpets which have held their price well. Among carpets from other areas, tribal rugs are much in demand to decorate American apartments; Caucasians have stayed popular, especially with the Germans; and there is general agreement that Turkish carpets, outside the top quality (which remains expensive) seem under-priced.

Rugs and carpets remain a tricky market but prices in the salerooms are invariably below those charged by dealers and those asked in the one-day auctions which have sprung up throughout the country which slip one or two top quality carpets among dozens of cheap Pakistani imports. At one level the pricing of a carpet is very much a matter of thumb—at the moment a good modern carpet is valued at around £1,000 a sq metre. But for antique carpets—and those with intricate patterns—different criteria come into play and the advice of an expert is essential.

Arthur Hellyer sees an old problem recur

Molehills become mountains

ALL COUNTRY gardeners have to learn to live with moles. There are too many of them in the fields around us to be excluded altogether, and since they do a great deal of good as well as harm and are rather engaging creatures, it is not difficult to put up with them in moderation.

But when the damage suddenly erupts to epidemic proportions, as it has done in my Sussex garden these past few weeks, something has to be done about it. Lawns are covered with scores of mole hills, not confined, as normal, to just two or three favoured areas but spread all over the place. The excavated soil is not only very unsightly but, if not promptly removed, it soon kills the grass buried beneath and it makes mowing almost impossible.

The shallow tunnels that connect the molehills soon collapse and so the lawn surface becomes uneven. In flower beds and vegetable plots moles are less of a nuisance but even here the hills can smother small plants

and the collapsing tunnels can ensnare seedlings.

But why has this excess of damage so suddenly occurred? At first I thought the moles must have multiplied enormously. Mole experts assure me that this is unlikely. Moles are slow breeders and the huge increase in excavation does not indicate more of them but simply that they are working overtime.

Why? Apparently because the cold, long drawn out winter has driven earthworms, the mole's favourite food, much deeper underground and so they are having to dig much longer, deeper tunnels to find enough for their needs.

A mole must eat its own weight in worms every 24 hours and that has been quite a task since January. The mole can make up to some extent with other things, mainly leather-jackets, soil caterpillars and slugs, and that is why sensible gardeners regard them as friends as well as foes.

Moles get no plus points for eating worms which are the best aerators and surface feeders of the soil, but they can have every leather-jacket, cut-worm and slug with my thanks. I had a plague of daddy-long-legs, last autumn, which indicated that there had been hordes of leather-jackets in the garden since the one is the adult form of the other. That may have attracted some extra moles to enjoy the feast and add to the havoc when the leather-jackets had gone and the worms had

dived for shelter. What is certain is that the tunnelling and the build up of mole hills must now be checked.

The old gardeners used strychnine inserted into worms which they placed in the tunnels as bait. I have never used it, mainly because I consider it too dangerous to handle, but this year the option has gone, since some objectors have invoked the 1911 Animal Protection Act to stop it.

Various smoke bombs or fuses are available. They resemble fireworks and, when ignited and pushed into a molehill or tunnel, fill the whole system of excavations with dense sulphur dioxide or carbon disulphide smoke. I have found it necessary to use at least half a dozen of these at a time, distributing them more or less in a circle around the worst infested area so that the moles are attacked from all sides at once. Even so I have never found a mole, particularly in the early stages of the infestation, but this year the option has gone, since some objectors have invoked the 1911 Animal Protection Act to stop it.

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to get a professional mole killer to try it in my garden to quell this year's epidemic.

The worms me it may be weeks before he can come. Meanwhile I must rake and sweep. One small bonus is that mole hills make excellent soil for seed and potting composts.

A traditional method of destroying moles is to train with sprays of water, traps set across the tunnels. I have tried this with little success but I have not been very persistent as I find it repulsive.

Moles have an acute sense of smell and most professional mole trappers wear gloves when handling the tunnels. I have tried this as a positive way of dealing with moles which leaves one in doubt as to whether it has succeeded or failed.

I am often told that the rarer species of mole that they will go nowhere near it. But in one of my gardens it

spreads so fast that I have to pull it out by the barrowload yet the moles are happily mining all around it in search of their daily hellfull of worms.

Another remedy I have heard a lot about but have never seen used is to attach a hose pipe to the exhaust, push the other end into a mole tunnel, start the engine and leave it running to fill the whole labyrinth with poisonous carbon monoxide. The practical difficulties have always deterred me. How does one drive one's car on to the lawn, where does one find hose pipe wide enough to push over the exhaust pipe, how does one know where the gas has got to and what kind of effect does all that back pressure have on one's car engine?

I don't know the answers to any of these questions and will stick to smoke bombs for the normal mild degree of control and employ a professional for the kind of emergency I face this year.

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Saturday April 13 1985

Not our end
of the boat

A CELEBRATED David Low cartoon of the 1930s showed a collection of top-hatted statesmen huddled at one end of a sinking boat, and gazing with detachment at some frantic figures struggling in the sea. "Thank goodness," ran the caption "that it isn't at our end of the boat." There is a temptation to take much the same attitude to the various threatening symptoms now disfiguring the picture of world trade and finance.

Banking troubles in China? Lucky we don't bank there. Rescheduling troubles for Brazil? Well, at least our banks have made prudent provisions. A U.S. slowdown? Well, the Pacific countries got most of the benefit of the boom, and they're the ones who will suffer. Rising American protectionism? That's all aimed at Japan, surely.

Problems aplenty

It is not that we are complacent of course. We know that we have plenty of problems of our own in Europe, notably unemployment, and if we ever forget, there is Mr Malcolm Baldrige, the U.S. Trade Secretary, to remind us; and what with that, and European enlargement, and—for Britain—the road to North Sea oil, we have really got our hands full.

So in spite of all these calls for major policy changes from the Americans, from the Third World, and from international officials of all kinds, we think we will sit this one out. After all, who were we asking for a little co-operation from the Americans not long ago, to restrain the rise of the dollar, an American official on the whole discussion, by saying, as he walked out of the meeting: "You look after your exchange rates, and we'll look after ours."

This is a caricature, of course, like Low's; but it is not a total distortion. Governments are elected to solve national problems, not the problems of the world, and the kind of illogic demonstrated by the American official (and that is a true story, not a caricature) is endemic. Interdependence, which means making concessions to other people's interests, tends to be expressed in demands, not offers.

Interdependence is now a fact of life; that is the result of 40 years of liberal trade, leading to national specialisation, and of more than a decade of financial free-for-all. We cannot isolate ourselves from the rest of the world. If the U.S. economy does turn down sharply, as the markets now fear, the exporters of Asia will compete all the more fiercely for such markets as are left. The world's growth which we in Europe are

beginning to celebrate—notably in Germany and the UK—cannot continue if the world market for imports is sick. Our banks cannot isolate themselves from the troubles of American banks; they are linked through financial markets, apart from the fact that a growing number of U.S. banks are foreign-owned. Equally, we cannot wash our hands of the blame for some of the troubles. If U.S. banks are in trouble with farm debt, our European farm policy is a significant part of the cause, and the Americans are unlikely to let us force it in the round of international talks just beginning.

What is new is that even our boasted virtues are now coming under attack—our fiscal rectitude and strengthening trade balance. It is time, say the Americans, including the legend of rectitude, Mr Paul Volcker—for the Europeans to make their contribution to the growth of world markets, and do their share of the horrendous necessary to sustain world recovery.

Now while European statesmen may have their heads and mumble when accused of bad trade rules, many are likely to answer back when accused of decision-making fiscal policies. What the world needs, they will argue, is less borrowing and lower interest rates, thus relieving the debt problem, encouraging investment and lowering the debt service burden on taxpayers.

The present talks, then, are concerned with real, important and controversial issues; and the issues, like our economies, are all interlocked. The Europeans, for example, have their own demand: monetary reform.

Worried Americans

Now an argument which embraces everything—trade, money, and national tax and spending policies—is liable to be both highly confusing and somewhat inconclusive, and there is a temptation for the ordinary business reader to conclude that since nothing much is actually likely to happen, he need not bother his head with the day-to-day developments. This could well be a mistake this time round.

The matter is becoming urgent for a not particularly creditable reason, but a pressing one: the Americans are now genuinely worried about their own prospects. It is a basic rule of international economic diplomacy that nothing happens when the Americans are feeling complacent or isolationist. The converse of this rule—that something does happen when the Americans are worried—is likely to have more exceptions, but it is still a good forecasting guide. When the Americans look likely to retreat behind tariff barriers if they do not get cooperation, the pressure is really on.

Subsidies for exports

From Mr C. Siegel

Sir,—The letter from Sir John Curran (April 1) is welcome reading in that it underlines the importance of export subsidy in an international market place where others aggressively compete with the use of such subsidies.

What neither Sir Gordon Downey nor Mr Ryan of the Treasury have seen fit to emphasise is that the benefit of export subsidy is twofold: in the one hand it is instrumental in enabling the UK exporter to obtain orders, and therefore employment for his staff which he otherwise would not achieve; and does not give him added profit. On the other hand it gives a principal direct benefit to the form of reduced interest to the foreign borrower when, especially if it is from the third world, suffers unrepayable under a climate of unprecedented high real interest rates—indeed with the mountain of third world debt and its attendant perils in the industrialised world banking system, it can be argued that support in the past has been "grossly and dangerously insufficient".

It is only when international interest rates led by the U.S. dollar drop to levels more commensurate with current inflation and when national tax payers pay for their own national budget deficit that the pressure for interest rate subsidy will decrease. So far Government has resisted advice from the Treasury to withdraw subsidy; it is to be hoped that it will continue to do so.

C. F. A. Siegel

20 Eastbourne Terrace, W2.

Bringing back

Maplin

From the Chairman

North Abington Society

Sir,—With all the controversy over expansion at Stansted and/or a fifth terminal at Heathrow, it is high time that Maplin took its rightful place as Europe's premier air and sea water port.

U.S.-JAPAN TRADE RELATIONS

Suddenly the mood turns ugly

By Stewart Fleming in Washington

"B-O-E-I-N-G" was the cry which went up on the floor of the U.S. Senate as the assembled politicians voted on March 28 to condemn protectionist Japanese trading practices.

That is Japanese for "trade war," proclaimed Senator Max Baucus of Montana, one of a growing phalanx of disillusioned free traders in Congress who voted for a non-binding resolution recommending that President Reagan take retaliatory measures against Japan's exports to the U.S. A few days later the powerful Senate Finance Committee approved legislation—yet to move to the Senate floor—which would require President Reagan to retaliate.

There are long and painful memories of U.S. trade legislation in the Congress. They stretch back to the infamous Smoot-Hawley tariff legislation passed in 1930, which sent U.S. customs duties soaring to unprecedented peaks, triggering a protectionist backlash around the world which deepened the great depression.

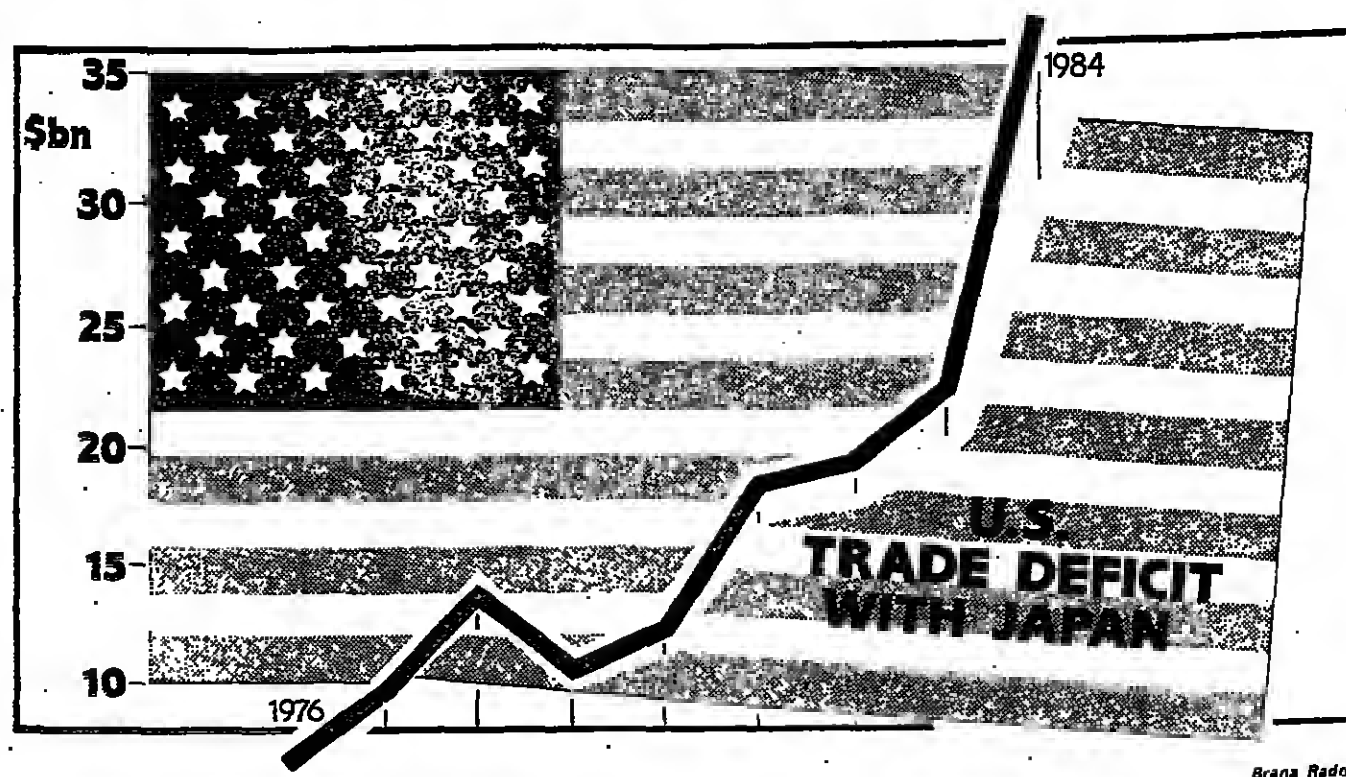
So there is a widespread reluctance among Congressmen to concede that retaliation against Japan is the equivalent of either protection or the first shot in a trade war. Instead Congressmen argue that Japan should assume the responsibility which might go with its status as the second largest economy in the Western world.

Few would deny that in the past few weeks an ugly mood of brooding frustration about America's rapidly deteriorating trade accounts—and in particular the \$3.7bn trade deficit with Japan—has erupted into bitter recriminations. If the U.S. and Japan have not yet joined in a trade war, they are moving ominously in that direction.

Moreover, this week's package of Japanese trade liberalising measures, or promises of trade liberalisation—the seventh in four years—has done nothing to placate Japan's critics in America and may have bought Prime Minister Yasuhiro Nakasone and his colleagues less time than they think.

Carefully seeking to support a close friend, the Reagan Administration has been fulsome in its praise for the Prime Minister Nakasone's personal courage in calling on his countrymen to help foreign goods. But it has left no doubt that it is much less impressed with the proposals themselves and that Japan needs to do more and faster to stimulate imports such as U.S. electronics products and timber.

The package the Japanese Prime Minister announced comprised a mixture of already-negotiated steps to ease U.S. access to telecommunications and pharmaceutical markets, plus promises to consider reducing tariffs on plywood, and to encourage economic growth. A government campaign will be launched to encourage Japanese consumers and companies to buy foreign goods. Roger Swanson, executive director of the



Branco Radovic

Advisory Council on U.S.-Japan Relations, in a remark which reflected a widespread scepticism amongst businessmen about whether promises would translate into U.S. sales, noted: "It is not reassuring... what we wanted to see was measurable goals with target levels."

Said one weary Administration official this week: "We have got to keep the pressure on, both to satisfy our critics in Congress and because that seems to be the only way to get a Japanese reaction."

The past few weeks, meanwhile, have underlined some harrowing questions for the Reagan Administration. Until Congress began to move against Japanese trade policy on March 28, Administration officials privately conceded that they were following a time-honoured tradition of using Congressional rumblings as a useful reinforcement.

But observers sense that in the past two weeks officials have been taken aback by the anger among politicians and businessmen and are now deeply concerned that they are in danger of losing control of trade policy on Japan to the Congress.

Congress's threat to force President Reagan to take retaliatory action against America's most important strategic ally in the Pacific basin has complex roots. Sheer frustration with the tortuous and, so far as Americans see it, not very fruitful trade talks in recent years, is undoubtedly a factor. "Something just snapped," as how one trade lawyer in Washington put it recently.

Even some Republicans concede that the calls for retaliation contain a message directed not only for Japan but for President Reagan.

For many middle-of-the-road Republicans, the high interest rates, the strong dollar and the U.S. budget deficit to the huge \$123bn U.S. trade deficit. To them, the President's evident

reluctance to compromise more readily on a package to tackle the budget deficit is a source of profound concern. Their confidence in the President's economic policy is waning as they sense that the risks of recession, triggered by the failure to tackle the budget and trade deficits, are rising.

Their sensitivities are readily understandable. While President Reagan may not have to stand for re-election, next year, however, 22 Republican Senate seats and with them Republican control of the Senate will be at issue in the Congressional mid-term elections.

In the Democrat-controlled

the West are labouring too in the face of foreign competition.

Expressing his concern about the urgency with which U.S. companies need to gain better access to Japanese markets, Mr Robert Galvin, chairman of Motorola, the computer and electronic components group which has been vociferous in its concerns about import trends, said: "The Japanese have not practised free trade in the electronics business for a period of 25 years that I have been trying to do business (there) and they continue to find every other new means of expressing the same reservations."

Alongside its now firmly established dominance in U.S.

Jobs are being lost to imports not only in decaying 'smokestack' America but over the whole manufacturing sector

House of Representatives this link between militancy on trade with Japan and doubts about Administration economic policy is naturally more explicit. The House resolution attacking Japan made it clear that broad-based Administration economic policies, not just Japanese trade barriers, are part of the problem. The Democrats sense that in the trade deficit they may have a political weapon to use against "Reaganomics," a weapon which is less abstruse to the typical American than the budget deficit.

Jobs are being lost to imports not only in decaying "smokestack" America but across the whole manufacturing sector where production has been stagnant for over six months. Farms are failing partly because farm exports are weak while mining and oil-based industries in "Reagan country"

consumer electronics markets, the surging Japanese trade surplus with the U.S. reflects the growing value of its car exports. Now that quotas have been removed, the prospect is that unit sales will rise by some 500,000 to around 2.3m this year.

But it is the spreading impact of Japanese competition in capital goods and high tech sectors at a time when U.S. manufacturers are burdened by an over-valued dollar which has been an additional source of concern. The U.S. has gone from a telecommunications trade surplus with Japan of some \$200m in 1982 to a deficit of \$1.9bn last year, reflecting in part the break-up of the American Telephone and Telegraph monopoly. On top of that U.S. high tech and capital goods manufacturers are losing overseas sales to Japan's high tech producers.

Reagan policymakers who say that faster economic growth is the way out of the budget deficit dilemma and that a strong dollar demonstrates the superiority of U.S. economic policy, are finding it harder to make these arguments stick.

"Trade problems," says Merrill Lynch in its latest "Business Outlook" "are quickly supplanting the federal deficit as the central economic worry."

Federal Reserve Board chairman Mr Paul Volcker wondered this week whether the American economy would begin to fade with a manufacturing sector stagnating since last summer and agriculture and mining in the doldrums.

With this concern in mind, he called on Europe and Japan to stimulate their economies, a plea being echoed elsewhere. Morgan Guaranty Trust in its influential "World Financial Markets" coupled an astonishing call for trade sanctions against Japan with a perhaps contradictory suggestion for a co-operative international economic strategy. This would involve governments in Europe and Japan adopting stimulative economic policies and the U.S. cutting its budget deficit and pushing through tax reform.

Fears that the U.S. economy will run out of steam, that international co-operation will not produce a strategy to help sustain economic growth in time, and that recessionary and associated protectionist forces will gain the upper hand, help explain the Congressional lurch towards protectionist retaliation against Japan. The fact that some in Congress are toying with an import surcharge as a means of lacking the twin budget and trade deficits only reinforces these anxieties.

There is less danger that U.S./Japanese trade relations will be mismanaged politically, President Reagan and Prime

Minister Nakasone are on close personal terms, both sides recognise the importance of the broader, strategic relationship while the Reagan Administration is instinctively committed to "free trade" and the free play of market forces.

But the risks of ill-judged initiatives elsewhere—particularly in Congress—are high. Trade experts in Washington, such as Mr Harold B. Malmgren, a former deputy U.S. trade representative, say they cannot recall a period of such intense trade tension since World War Two—a judgment that is not all that surprising given the size of the trade deficit and its impact across the economy.

The fact that the focus of these tensions is primarily, but not exclusively, Japan, is also a worry. Mr I. M. Destler, a Japanese trade expert at the Institute for International Economics in Washington, points out that the breadth of the Japanese impact on the U.S. economy has long contained the threat that a broadly-based anti-Japanese coalition could be assembled on Capitol Hill.

Of concern, too, is the evident difficulty of resolving trade conflicts with Japan, a problem rooted in the strength of the Japanese bureaucracy and Japanese cultural and business traditions. Moreover, even on the most favourable assumptions about Japanese concessions, the most that could be expected would be a reduction of around \$10bn over several years in a bilateral trade deficit which will rise above \$40bn this year.

Arguably, too, the "new patriotism" of the Reagan Administration, its ideological conviction about the correctness of its economic philosophy, its determination to impose its views on its negotiating partners, and its evident reluctance

hitherto to compromise in the interests of international co-operation, are, as Mr Malmgren fears, potentially counterproductive. There is the danger, too, of course that, as is often the case, compromise comes harder when it helps to appear that policies based on ideological conviction are not working out as expected.

The fact that Japan is not just a troublesome trade partner but also a technologically powerful rival, may also be a source of tension.

It is concerns such as these which contribute to the anxiety about how the trade tensions with Japan will play out, and what the clash bodes for the world trading system.

At least until after the Bonn summit, the Administration and Congress will want to see the highly-charged atmosphere of the last few weeks dissipated. But there is not much confidence that this will be anything other than a temporary relief. Managing the bilateral trade relationship is likely to be a daunting task for some time to come, especially if the U.S. economy begins to perform as badly as Wall Street's pessimists fear.

Letters to the Editor

relationship that results may last a life time.

Many companies have either not lived up to the "cultural revolution, and possibly an organisational one as well, that is involved, or have been repelled by the magnitude of the task. Market Research has not yet developed the techniques to be totally effective and credible in this market place.

Nevertheless, Levitt's basic concept is still valid and the companies that succeed in the next 10 years will be those that build effective customer-oriented organisations with efficient customer-creating and customer-satisfying mechanisms.

R. J. Williamson

PO Box 22

25 Milk Street, E.C.5.

Voluntary

retirement

From Mr H. Williams

Sir,—We are told that if the retirement age were reduced to 55 it would cost a colossal sum of money, even if it reduced the number of younger people unemployed.

If this is the case why not make this voluntary retirement; the old age pension could be paid at a reduced rate, ie, 60 per cent until the age of 65.

This would appeal to many people between 55 and 65 who are covered by occupational pension schemes and have worked for 35-40 years. Many people of this age have interests outside their work which they would be quite happy to pursue.

At work many are considered to be past their best, especially these days when everything is changing so rapidly it would be better for younger people who can adjust to change more easily to be

employed, or if already employed, to be promoted.

Henry Williams

15 Adelaide Terrace,

Truro, Cornwall.

Surrogate

motherhood

From the Chairman,

The Maternity Alliance,

Sir,—I hope it will not be construed as a lack of concern for the problems of infertile women to state that, in recent years, the strong dollar and the U.S. budget deficit to the huge \$123bn U.S. trade deficit. To them, the President's evident

strength of the dollar prompted hedging at all rates from \$1.50 downwards, decisions which with the usual hindsight have come under fire from those who were either too indolent, too ignorant or sufficiently prescient to take avoiding action.

Such criticism can only inhibit investment managers from the acting prudently or from pursuing an independent line. Surely the fairest way to judge performance on overseas investments is to measure first the effect of local stock selection and then to consider the effect of the currency as an independent item.

This makes Cubie Wood's "attack" on pension fund managers for "unnecessary hedging" (as reported in Eric Short's article of April 2) all the more distressing for its purely subjective condemnation of such investment managers. While paradoxically preaching the virtues of less reliance on short-term criteria such ill-judged public criticism by a national performance measurement service, which is based on equally short-term statistics, can only serve further to inhibit the performance of investment managers and, with some justification, strengthen their mistrust of and antagonism towards performance measurement services.

N. D. Freethy,
Hymans Robertson & Co,
180 Fleet Street, EC4.

Pejoratives in

politics

From Mr M. Varcoe-Cocks

Sir,—In your leading article of April 9 you suggest that President Mitterrand will be accused of gerrymandering because of his proportional representation plans. Governor Gerry of Massachusetts, after whom "gerrymandering" was coined, gained notoriety for manipulating boundaries for electoral advantage. As President Mitterrand does not plan boundary changes, he cannot be accused of gerrymandering, but he may unwittingly have spawned a new pejorative political term: "to Mittermander".

Michael D. Varcoe-Cocks

3 Onslow Court,

Devington Gardens, SW10.

The, surely, independent

the issue of economic pressures, there are the problems inherent in a variety of situations from the surrogate mother changing her mind at the end of the pregnancy and keeping the child, to her regretting for years to come going ahead with her bargain and giving up the child she has borne to the birth of a handicapped child which is abandoned by all parties.

As for the commercial aspects that Miss Burton argues a free enterprise government ought to support, the dangers of commercial pressures in the field of health are only too apparent at the moment in the blood donation services in other parts of the world. We should be moving away from payment to sperm donors rather than towards it for umbilical leasers.

On more general grounds, not all means to the ends of relieving infertility can be countenanced by society. We do not allow babies to be bought and sold through private adoption arrangements; we do not ban abortion in order to force women to go ahead with unwanted pregnancies so that there will be more babies available for adoption. No more should we condone the rental of a woman's body for nine months.

There are other ways forward in the treatment of infertility. It is in these that we should be devoting both higher priority and increased resources.

Helene Hayman,
29-31 Camden High Street,
E.W.1.

Pension fund managers

From Mr N. Freethy

Sir,—A pension fund should invest part of its assets overseas if the prospective return looks attractive. This implies exposure to exchange rate fluctuations as well as to the local market, which compounds the risk. If one's view on the currency is neutral, or worse, it makes sense to cut down the variables by hedging the currency, leaving exposure only to the local market.

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GEC'S MANAGEMENT CHANGES Weinstock reshuffles the pack

By Guy de Jonquieres

"KENNETH and I worked in tandem. Now I have just the bicycle, and a lot of other things are getting their own bicycles too."

Thus Lord Weinstock, managing director of the General Electric Company, encapsulates the management reorganisation prompted by the retirement from full-time duties this week of Sir Kenneth Bond, his deputy, close friend and effective alter ego at the head of one of Britain's largest manufacturing enterprises.

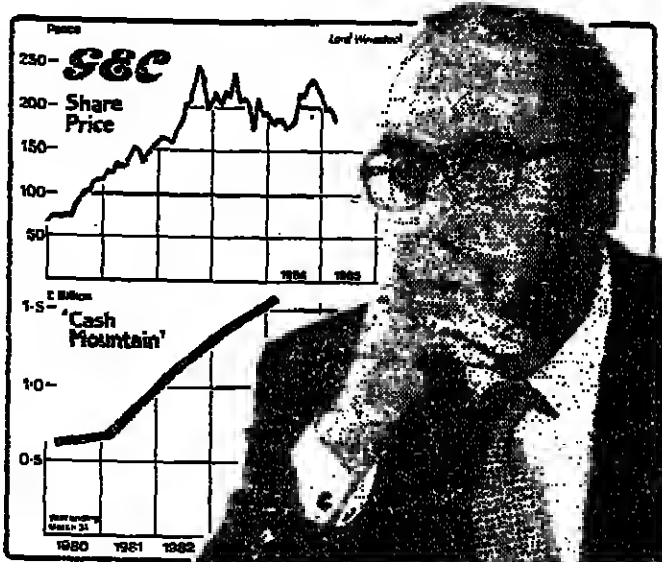
The Weinstock-Bond combination has been exceptional both for its effectiveness and its longevity. Together with Mr David Lewis, a lawyer who retired in 1982, it formed for two decades the nucleus of the compact central staff which presides over GEC's far-flung empire from the London headquarters in Stanhope Gate, Mayfair.

The links between the three men were forged at Radio and Allied Industries, the television manufacturer taken over by GEC in 1960. They rose rapidly to the top of GEC and by the end of the 1960s had masterminded the successful acquisition and rationalisation of English Electric and Associated Electrical Industries which form the core of the business today.

GEC's blend of rigorous, centrally-administered financial control and devolved operating responsibility has been widely imitated since then. However, many of its characteristics remain unique—above all, the personal chemistry of the men at the top. This week's announcements clearly indicate that GEC has concluded that even it cannot hope to recreate the formula.

Lord Weinstock, still aged only 60, is the only full-time executive left from the generation which built GEC into what it is today. Sir Alan Vazele retired this week as the long-time head of power engineering. Other powerful corporate barons, including Sir Robert Telford of GEC Marconi, former research chief Sir Robert Clayton and chairman Lord Nelson have already stepped down.

Though influential new personalities have surfaced at Stanhope Gate over the past decade, few have first-hand experience in GEC's operating divisions. Mr Malcolm Bates, its top troubleshooter, peripatetic deal-maker and new deputy managing director,



Bob Hutchinson

joined from merchant bank Brandt's.

Mr Derek Roberts, who runs GEC's laboratories and has substantially increased the emphasis on research, came from arch-rival Plessey, while Mrs Sara Morrison, a director respected by Lord Weinstock for her views on a wide range of political and social issues, was formerly active in the Tory party and community affairs.

The absence of a clear line of management succession is one of several aspects of GEC which have increasingly troubled the City in recent months. Slower profits growth—GEC reported flat results in 1983-84, though its performance has since improved—has tarnished its once gleaming image on the stock exchange, while many analysts have claimed to detect signs of indecision about the group's longer-term direction.

The biggest talking point in the City for several years has, of course, been the fate of GEC's £1.6bn cash mountain. Rumours that the company is about to make a dramatic takeover are part of every broker's stock in trade. Yet GEC's last really big acquisition, the \$116m purchase of the U.S. medical systems company Picker, was in 1980.

Some critics see the growth of the cash mountain as evidence that GEC's skill at cutting waste is not matched by its talent for innovative expansion. Mr Nicholas Edwards, Secretary of State for Wales, has accused it of turning itself into a financial institution on the back of government contracts. Instead of risking its own resources to develop and market new products aggressively.

Less publicly, other ministers fault GEC for tying up too much of its advanced technology in UK defence business and for continuing to depend too heavily on telecommunications orders from British Telecom, whose former commitment to buying British is rapidly ebbing.

GEC was keen to emphasise this week that renewing the quest for growth was a top priority of its management changes. By breaking down the power engineering group into smaller units, it hopes to give younger managers more scope to show their paces. A similar re-organisation may take place at the avionics group after its 64-year-old managing director, Mr Jack Pateman, retires.

The company's newly-formed finance subsidiary has been given the task of seeking higher returns than GEC now earns on its liquid assets. Starting out with a small fraction of the cash pile, it will be encouraged to make venture capital investments in businesses complementary to GEC's own and to scout out opportunities for larger, strategic acquisitions.

modelled on the two-tier board structure common in German companies, which Lord Weinstock admires.

Exactly how the board will operate is still unclear, and its full membership has yet to be announced. It is not expected to have any formal executive role but seems more likely to function as a cross between a high-level discussion group and a managerial talent contest.

The need for such a body stems partly from GEC's unusual corporate structure. It consists of more than 100 separate subsidiaries, all of which report to Stanhope Gate, but many of which have little direct contact with each other. Though they have considerable operating autonomy, they are expected to stay close to their assigned business areas.

But the new technologies do not respect traditional business fences. One purpose of the management board is to enable GEC better to co-ordinate the use of its diverse resources and to encourage cross-fertilisation of ideas between different parts of the company.

The body's other main role will be as a proving ground for management succession. It is hoped that the process of getting promising executives in their forties and fifties to pit their wits against each other openly will throw up a new cadre of leadership.

Lord Weinstock is also keen to avoid the stigma of personal ambition and for GEC to be seen to have a broadly-based top management. He says a change in style and structure, perhaps in the direction of a more loosely integrated group, is an inevitable consequence of the passing of the old guard.

However, he is not obliged to retire until he reaches 70 and in the immediate future expects to work even harder. As well as chairing the management board he will have four new units reporting directly to him as a result of the re-organisation of power engineering.

His own influence thus remains as strong as ever. It remains to be seen how quickly GEC can reshape the distinctive mould created by its founders and whether, from its new generation of executives, there will emerge men with the exceptional ability and stature of Lord Weinstock and Sir Kenneth Bond.

AFTER 200 years of tranquillity, Britain's estate agents are on the brink of a big shake-up which may transform their business.

The profession, which first prospered by serving great landowners like the Church and the Crown, before acquiring a new generation of residential and commercial property clients, has entered a decisive phase in its history.

With property markets and clients' requirements undergoing significant changes, the agency-surveying business is having to examine its own structure and take steps which a few years ago would have been considered both unnecessary and unthinkable. Established agents are breaking with tradition by selling their shares to outsiders, new competitors are entering the market, and the pressure to provide a "one stop" service for house buyers and sellers is growing.

Although estate agents leave their calling cards at countless homes, shops and offices around the country, surprisingly little is known about the size, structure or profitability of the business.

The agents, who thrive on market gossip and are not known for their powers of understatement, turn positively shy when asked to talk openly about the strengths and weaknesses of their competitors or their own performance.

"Hundreds of years of tradition have taught us not to try and cut each other's throats," says Douglas Mann, senior partner at Jones Lang Wootton, one of the largest commercial agency and surveying firms with 1,650 staff in 15 countries. "Anyone in the UK can start an agency business and there are even senior partners in some firms, usually engaged in the less intricate house agency market, who have no qualifications. The Director-General of Fair Trading merely has the powers to stop 'unfit' people from trading."

Recent estimates of the number of UK agents range from 6,600 firms with 11,500 branches to 11,500 firms with 14,500 offices.

In a bold attempt to put a price tag on the business, James Capel, the stockbroker, has used the turnover of the four publicly quoted agencies and the number of offices they operate to project a value for the total UK market of around £1.75bn, a figure encompassing all residential and commercial businesses. Many firms provide client services for both markets.

With more than two-thirds of all private housing transactions conducted through house agents, the fight is on to capture a growing share of an expanding

Britain's estate agents



Trevor Humphries

Revolution among the 'for sale' boards

By Michael Cassell, Property Correspondent

market—most forecasts suggest that the level of owner-occupation in the UK could rise from 60 per cent to 75 per cent by the end of the century.

Until now, firms have been restricted to selling up to 25 per cent of the equity in their businesses to outside interests, and only then with the approval of the RICS general council.

However, little-publicised rule changes, already approved and due to go before an extraordinary general meeting, will give residential and commercial agency partnerships the freedom to convert themselves into limited liability, public or private, companies and to sell off any proportion of their businesses.

Four residential agencies have already broken with tradition by launching themselves on the stock market. Others are likely to follow soon. Given the impressive performance of some of the newly-quoted businesses—Bairdson Eves recently reported a 90 per cent rise in pre-tax profits—they could prove a hit with investors.

Behind these agents' decision to exchange private partnerships for public accountability is the growing conviction that the future lies in the creation of nationwide networks, able to provide house buyers and sellers with a one-stop service.

The estate agents cannot assume that they will be left alone to fight it out for themselves. Lloyds Bank, through its Black Horse operation, already own seven main agency operations with 166 offices, giving it the largest residential agency network in the UK.

Despite fears over potential conflicts of interest from a dual lending and agency role, the building societies have also given notice that they may become involved in the house agency business. With their long experience of the housing market and immense resources, some societies could prove to be powerful competitors.

Establishing an agency business involves relatively low capital costs.

Many of the larger agents are convinced that the best way to protect their future is to widen their geographical base as well as the range of services they provide. It seems inevitable that there will be a growing polarisation between large, national businesses and smaller, localised practices.

Interested buyers may come from beyond the agencies themselves, for instance financial

service groups and even foreign banks and real estate brokers. Few people in the UK agency business would be surprised if Cndwell Banker, for example, the U.S. real estate broking operation owned by Sears, stepped up its existing UK presence via an acquisition.

The future of commercial estate agencies is also in the melting pot. The financial services revolution now reshaping the City of London has raised expectations that the major agency-surveying practices represent the last piece in the jigsaw; that, like brokers and jobbers, they will soon be forging a variety of links with the merchant banks.

The commercial agencies themselves, however, emphasise that, although they will need additional finance to fund expansion, they do not face the pressures which have triggered the City revolution. But if any of the major estate agents were to move in that direction, it could have a domino effect.

The recent growth of the big commercial firms, based on the huge rise in institutional spending on commercial property, has seen a major widening of the professional services they provide, to embrace not only broad-based agency work but portfolio management, analysis and performance measurement.

Recently, however, declining returns from property have made the institutions much more reluctant to commit investment funds to the market. While surveying firms expect the major funds to remain important clients, they are also moving deeper into corporate territory.

Robert Houston, of Baring Houston and Saunders, the corporate property specialist in which Baring Brothers, the merchant bank, has a 25 per cent stake, does not think the transition will be an easy one.

Mr Houston does not expect a flood of take-overs between surveyors and other City institutions, if only because the merchant banks already have a lot to digest following the spate of proposed marriages.

But he adds: "If two big names do get together, then the temptation will be for others to follow."

Brian Harris of Richard Ellis, which has had numerous approaches from financial organisations, feels differently: "We are trustees of our firm. If we lose our independence we lose a lot of business. I also think any marriage would stifle an essentially entrepreneurial operation."

Bruce Douglas-Mann echoes that sentiment: "Integrity and independence is what we have to sell and I do not see how we could thrive as part of some conglomerate. As partnerships, nobody can have us unless we want to be had."

Weekend Brief

This is the way a war ends

A DECADE ago, this month, Colonel Bui Tin of the North Vietnamese army took the surrender of General Duong Van Minh, the South Vietnamese President, in Saigon's presidential palace.

The ignominious handover, by "Big Minh" was the culmination of a thrusting 55-day spring offensive by the Communists. April 30, 1975, brought the end of 30 years of war against the French and the Americans.

Bui Tin, who is now 57, is the first to acknowledge that it was a quirk of fate that he took the surrender. "The deal architect of the campaign was General Van Tien Dung, now Vietnam's Defence Minister, whose corps commander executed the onslaught."

But the surrender could not wait, and Bui Tin, who was working for the army newspaper Quoi Doe Nhan Dan, happened to have the highest rank among those who stormed Saigon (now Ho Chi Minh City) and seized the palace.

He tells a remarkable story of those last hours. He says soldiers he was with had stayed



The citizens' militia training in Ho Chi Minh City

up all night on April 29 nervously discussing the next day's battle plans, and were surprised to be met only with a bombardment of questions from curious city-dwellers. It turned out that Duong Van Minh had ordered the southern army to lay down its arms.

Bui Tin's column, Tank Brigade 201 of the Second Army Corps, then had trouble finding the palace. By the time they entered—just before noon on April 30, with Bui Tin riding the third tank—Minh and two dozen other ministers and officials had already assembled, trembling at their fate.

"I have been waiting for you since morning to hand over power," Minh said, according to Bui Tin. He says he replied: "There's no question of handing over. People cannot hand over

what they do not possess. There is only a question of capitulation."

The heavy silence which followed was suddenly broken by shell and rifle fire which shattered a window in the palace room where the surrender was taking place. A dozen ministers dropped flat on the floor, fearing for their lives. But it was soldiers starting to celebrate outside.

"Today the war has stopped," Bui Tin announced. "All Vietnamese are winners. Only the Americans are losers." He says he felt more tired and relieved than excited or joyful—they had fought for several days in a row, and water supplies were very low.

It was the second time he had been an eyewitness to history. In March 1973 he personally

counted the last U.S. soldier, Sergeant Max Biecki, out of Vietnam, departing under the 1973 Paris Agreement. Almost twenty years earlier Bui Tin saw the Vietnamese defeat the French, when he was a battalion commander at Dien Bien Phu.

As Bui Tin tells it, the unfortunate Minh later asked him not to recall the day of April 30 because his name, rather than Nguyen Van Thieu's, would go down in history as the president who surrendered after only 30 hours in office.

Minh now lives in Paris. Thieu, who resigned from the Presidency earlier in April, was last believed to be living in Britain. Bui Tin left the army after 36 years in 1983 to become editor-in-chief of Nhan Dan, the Communist Party daily. He now lives and works in Hanoi.

Tales from a legal crypt

WHEN is a person dead? When the brain stops functioning, or when the heart stops beating? Sweden is one of the last European countries still using "heart-related criteria" for determining death, but its stance is hardly tenable any longer, since the Karolinska Hospital, Stockholm, carried out Europe's first artificial heart operation on Sunday.

Swedish medical practice in defining death has ruled out transplants using Swedish hearts. The only transplant to date—at the Sahlgrenska University clinic in Gothenburg last summer—used a heart imported from West Germany.

The implantation of an artificial heart has bumped Sweden against the absurdity of their rules and illustrated how far medical science has jumped ahead of Swedish bureaucracy. A further bizarre twist is added because of the patient's identity. This has not been confirmed by hospital authorities but the tabloid Press has been filled with lurid accounts of the man believed to have been operated upon.

He is said to have led a chequered life and been



suspected of a variety of misdemeanours, although he has landed in the Swedish courts on only one count—alleged tax fraud. That case has never been tried, on the grounds of the man's severe illness.

The legal nicety arises: can a man with a plastic heart be called on to stand trial?

"This person is dead from one point of view," says Dr Göran William Olsson, head of the Sahlgrenska cardiothoracic surgical clinic, who carried out Sweden's only heart transplant last summer. "He does not have a heart."

The debate on changing the criteria for death is finally expected to reach the Swedish Parliament later this year and a vote on legislation to change to "brain-related criteria for death" is likely by next year.

Several Swedes' lives have been saved through heart transplants, but all the operations have been carried out outside the country.

Much more experience has been gained of heart transplantation than of the use of artificial hearts, but for the moment transplants using Swedish hearts are still blocked in Sweden.

"We cannot take out a beating heart from a dead body," says Dr William Olsson. "That will hopefully change next year but until then we must continue to import hearts."

ing the moment of death first arose with the development of respirators. "If you have a totally infarcted brain, you cannot breathe, and the heart stops. An individual without a brain is dead, of course, but as long as the body is connected to a respirator, the organs can continue to function for up to a week," he says.

"I don't know if I would be prosecuted if I took out a beating heart in Sweden. I have been discussing this with lawyers. It is questionable and I don't want to try this. It is too provocative."

A more frivolous question was raised earlier this week: can a man with a plastic heart fall in love?

That was probably best answered by the patient himself, Mr Robert Jarrick, the U.S. medical engineer who has developed the plastic heart reported that the patient's first words to him after the operation were: "You are not a woman, but I could still love you."

Contributors

Chris Sherwell
Kevin Done

BARGAIN BANKING BONANZA!

UNREPEATABLE SHARE OFFERS!

BIG VALUE PENSION PACK!

MASSIVE MORTGAGE CUTS!

HOUSING PRICE BLITZ!

LIFE INSURANCE PREMIUMS SLASHED!

Sunday at 5.30pm: the products the chainstores are planning to make a packet out of.

How will people feel about buying life insurance where they buy their underwear? Or indeed, discussing private financial matters over bananas and brussels in a supermarket?

However they feel, it's already starting to happen.

Tomorrow, The Business Programme will be taking a look at this dramatic growth of financial service in retail stores.

Stores like Sears Roebuck in America, our own Debenhams, and, to a lesser extent,

Marks and Spencer.

We interview Mark Weinberg, Chairman and founder of Allied Hambro, who, not unnaturally, thinks it should be left to the experts.

And finally, we'll be covering the proposed deal between the Midland Bank and Tesco. (The mind boggles.)

It's all in The Business Programme. Make it your business to watch.

The Business Programme on 4

Hawker reaps £9m from strong \$

Hawker Siddeley's overseas operations, particularly North American, offer lower returns at home and enabled the group to turn in a higher taxable profit of £131.5m, against £127.5m, for 1984.

The electrical and mechanical engineer, an original constituent of the FT 30 Share Index, reaped nearly £8m, compared with £37.3m, from the U.S. and Canada while Australia contributed £2.6m more at £17.1m.

In contrast, UK activities experienced a £15.6m decline to £54.9m and profits from Africa fell from £4.1m to £3m.

Total group turnover amounted to £1.6bn, a rise of £143m. Changes in exchange rates had a beneficial effect on the group's total sterling results, with the strong dollar contributing £9m, while the £1.1m, some £3.32m down on 1983.

However, Hawker says that total UK business does show a

slowly improving trend in order, although patchy in detail. In the U.S., where profits more than doubled from £17.3m to £35.2m, business on the whole "was vigorous," and Australia continued "to do well" except in the still depressed mining sector.

Canadian operations chalked up a £4.6m increase to £24.6m

in a "difficult economic climate." On a divisional basis, there were improvements across the board: mechanical engineering earned £33m (£33.2m), electrical engineering attained £33.6m (£33.9m), and Hawker Siddeley Canada (mainly mechanical engineering) achieved £24.5m (£22.7m).

The pre-tax loss benefited from both a £1.8m reduction to £4.5m in redundancy payments and a doubling in interest credits to £4.4m.

A final dividend of 7.7p raises the total from 11p to 18.7p. Stated earnings per share were virtually static at 43.9p (43p), after an increased tax charge of £54.2m (£42.9m).

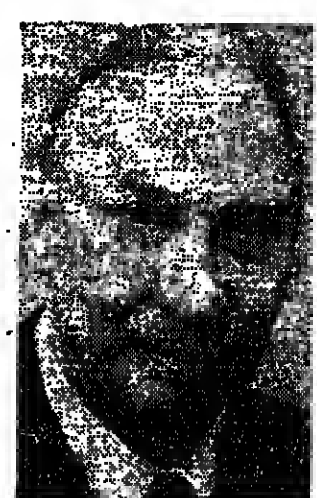
The higher tax reflects changes in last year's Budget, particularly the removal of stock appreciation relief, but this will be mitigated in the future as corporation tax reductions are effected.

Retained profits were down at £51.4m (£59.2m), after dividends and a £11.8m (£3.8m), extraordinary charge for closures and disposals.

Capital expenditure last year on fixed assets amounted to £32.8m (£33.2m). Cash in hand balances less loans and overdrafts totalled £11m at the year-end.

Regarding prospects, Hawker says that while there are areas in which business is uncertain, with strong world-wide competition pressurising profitability, there are signs of improvement in the group's business environment.

Overall, the order book shows



Sir Arnold Hall, chairman of Hawker

a rising trend, though there is continuing hesitancy in certain market areas due to "shortage of credit or political or military factors."

See Lex

GRE may purchase U.S. marine insurer

By George Graham

Guardian Royal Exchange is holding talks on the possible purchase of Talbot Bird and Co., a U.S. marine insurance company.

Talbot Bird is a subsidiary of the American steel group Armo, which has been seeking to sell its troubled financial services group to help it to return to financial health.

Armo said the talks were not yet finally completed, but an announcement of a purchase agreement is expected by Monday.

Talbot Bird, based in New York, is a marine underwriting agency with around \$50m a year in net premiums. It forms part of Armo's financial services division, which is in the process of being sold or liquidated.

Armo completed the sale of much of its financial leasing operation to Glendale Federal Savings and Loan of California earlier this week.

This and earlier sales eliminated \$53m of Armo Financial Services Group's \$632m debt, which is off the main Armo group's balance sheet.

Armo has also put its reinsurance business "into a liquidation mode," doing no new business but discharging existing policies as they expire. The company said it was still intended to sell the reinsurance companies, but it was necessary to wait for losses to develop.

GRE has already expanded this year by acquiring a stake in the leading Luxembourg insurance company. In the U.S., however, it has not fared so well, with underwriting losses in that area nearly doubling in 1984.

The company said, however, that it still regarded much business in the U.S. as underpriced, and said when announcing its results earlier this month that it intended to develop its U.S. business in areas where it considered above average profits were to be made.

Saatchi & Saatchi

Saatchi & Saatchi has acquired, through its subsidiary Dorland Advertising, an independent advertising agency based in central London, for an initial consideration of £1.1m, equivalent to Sharp's net asset value.

The purchase of Sharps, which includes Imperial Group and Dixons among its clients, is further evidence of Saatchi's readiness to expand, following on from last week's £99m share issue and two U.S. acquisitions.

In the year to October 10, 1984, Sharps had gross billings of around £23m and pre-tax profits of £233,000. The initial consideration will be supplemented by the proceeds of the sale of two Sharps' properties in France, equal to about £30,000 and funded by their sale. Further payments, to be satisfied by the issue of Saatchi debentures, will be made in the next two years based upon the revenue of Sharps' clients.

Booker estimates 22% increase as a last shot in bid defence

By Alexander Nicoll

Booker McConnell, the agribusiness, food distribution and health products group, yesterday forecast a 22 per cent increase in 1985 pre-tax profits as a last shot in its battle against a £38m bid from Dee Corporation, the supermarket group.

As it did so, however, Dee adjusted up its own estimate of pre-tax profits for the year ending April 27, 1985 from £56m to £64m. "Almost all the increase in the forecast stems from property profits," said Mr Alec Monk, Dee chairman, in a letter to Booker shareholders.

He contended that inclusion of the property profits allowed a true comparison to be made with Booker's profits.

Mr Michael Caine, Booker's chairman, said however in his letter that Booker's 1984 pre-tax profits of £36.8m included only £1m of exceptional property profits and that only £0.4m was included in the 1985 forecast.

In 1984, Mr Caine said: "Further property profits of

£5.5m before tax which were categorised as an extraordinary item and taken below the line could arguably have been included in profit before tax."

Mr Jonathan Taylor, Booker's managing director, said: "Mr Monk cannot understand or appreciate the pace of change at Booker. He has assumed that much of the improvement in Booker's food distribution side has arisen from property profits, but this is not the case."

Dee's document included, at the request of the Takeover Panel, a restatement of comparative earnings per share and dividend records including the latest estimates from both sides—with the exception of Booker's 1983 estimates.

Dee is estimating earnings per share of 17p for its current financial year, 64 per cent up on the previous year. The forecast implies a very low tax charge, due principally to tax losses acquired through the purchase of International Stores last year.

Mr Monk argued that the earnings per share figure, revised up from the previous 14.6p estimate, is equivalent to 21.25p per Booker share compared with the 19.7p reported by Booker for 1984. "In addition, Dee expects substantial incremental benefits to arise from the merger of Dee and Booker," he said.

Booker forecast 1985 dividends of 11.5p, 38 per cent up on 1984, and estimated that earnings per share would rise 25 per cent this year to 24p. Mr Caine said Booker shareholders, by accepting the Dee offer, would suffer dilution in earnings per share if Dee's exceptional property profits were included.

Dee's offer of 125 shares for every 100 Booker shares next Friday, and was formally declared final yesterday. Dee's shares rose 3p to 214p, valuing the share offer at 267p, while Booker's gained 2p to 250p. Dee holds 16 per cent of Booker, but has said it may sell shares if its offer has received acceptance of 53 per cent.

Gill & Duffus nearly £1m below forecast

Gill & Duffus Group has failed, by nearly £900,000 to meet the revised £18m profit forecast it made in months into the 1984 year. The pre-tax result for 1984 was £17.1m, some £3.32m down on 1983.

The main reason for the shortfall was the increasingly difficult conditions in world commodity markets, and especially in cocoa, which is the mainstay of the group's business. The directors consider that the oversupply to cocoa will continue into the present year, and say that the group "will do well to achieve in the current year profits equal to those earned in 1983."

The dividend, however, is held at 10p net per share for the year with an unchanged 6p final. This is covered twice by earnings of 20p per share, against 18.8p.

One prominent feature of the year was the performance of the Clarkson Puckle international insurance broker, Mr D. Pearson, the chairman says that it successfully integrated the acquisitions of 1983 and maintained steady growth throughout all the areas of its operations.

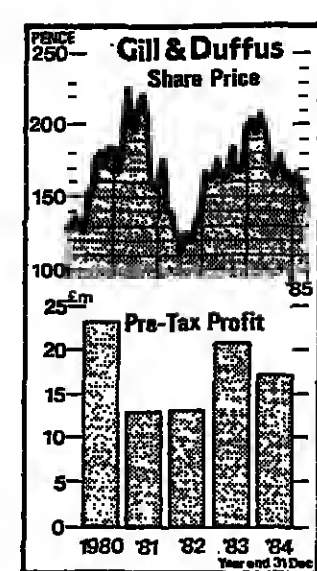
Turnover was up at £1.59bn against £1.25bn, but Mr

Pearson says that what the group needs in the current year is activity in the commodity markets. He says that the likelihood is that markets will continue to be dominated by the oversupply of the markets in which Gill deals, and that trading conditions will remain highly competitive. He looks forward to continued growth from Clarkson Puckle.

During the 1984 year the acquisition of Pearce Duff helped the group to establish a new food packing operations based in London and Yorkshire. The division, however, is not expected to make a significant contribution to group profits for some time.

The sugar and grain trading business found conditions to be increasingly adverse as the year progressed, and the grain division has now ceased. Overheads have been reduced in the sugar operation.

The small oil and gas exploration company in the U.S. again made losses and discussions are now under way for its disposal, which the board hopes will be completed over the next six weeks. It expects to realise



around \$6.5m, from the sale.

The rubber market was quiet, say the directors, with few profitable opportunities, but the coffee business made good progress in spite of poor trading conditions. The net outcome for the year was £13.45m against £13.72m after

much lower tax charge of £3.67m (£3.71m). The dividend will amount to £5.61m (£5.58m).

comment

A downturn in year-on-year profits is one thing, but failure to meet a forecast made 10 months into the year is another. For most companies this would bring gasps of horror and a plunging share price, but the market is obviously used to the vagaries of international commodities trading and responded kindly yesterday, marking Gill only 2p down on the day at 149p. The unchanged dividend and a yield of 10 per cent maintains its image as a good defensive stock, but cocoa really is the key to future performance. In an active demand market only two years ago the shares approached 230p, but in a world, on Gill's own estimate, awash with cocoa, there seems little prospect of similar heights for some time. Senior executives are no doubt praying for frost in Brazil, but they can take some consolation from the group's U.S. insurance activities, which helped to add £9.8m in an area where several UK giants have come under fire. A p/e of 7.3 is still far from risible in the circumstances.

Breakmate expands new business and tops forecast

IN ITS first results since arriving on the USM last October, Breakmate has produced pre-tax profits of £481,000 for 1984, which compares with a prospectus forecast of £450,000, and with £913,000 for 1983. Mr Richard Wright, chairman, is confident of another satisfactory result in 1985.

In line with forecast a final dividend of 1p is being recommended. Earnings per share are shown as rising from 6.75p to 8.90p.

Turnover of this supplier of drink dispensing machines to offices rose by 31 per cent to £19.1m. Mr Wright said that one of the aims of the flotation was to increase awareness in the City of London, where a large part of the business is based, which has already led to new business. The company has explored ways of improving the quality of drinks using a further of freshly brewed tea and coffee.

Considerable growth is anticipated from Breakmate Executive Catering. During 1984 the budget for new catering contracts was achieved and the budget for 1985 is being exceeded.

Mr Wright says that unit sales of dispensers, Filterfresh and Automatic/In Cup machines show an increase of 96 per cent on 1983. He says the aim is to increase the proportion of machines which are leased on rental contracts. Forward contracted income, which is a measure of the growth of leasing business, was £2.33m at the year end, compared with £2.22m.

The ingredients and accessories side of the business continues to be important. During 1984 the bottling of ingredients was transferred from London premises to a purpose-built packaging unit in Telford, Shropshire.

Keep Trust offers 240p cash for Adams & Gibbon

Keep Trust, a holding company with interests in motor trading, engineering and investments, has put in an offer for Adams & Gibbons which values the Vauxhall Opel main dealer at around £4.4m.

Keep, which already owns 11.99 per cent of Adams' ordinary equity, is offering 240p in cash per ordinary share, and 80p for each preference share. As an alternative, Adams' holders may elect to receive unsecured loan notes for all or part of their entitlement.

Adams' shares rose 4p yesterday to just 2p short of the Keep offer price, but Charterhouse Japhet, advising Keep, was quick to point out that the offer represented a 20 per cent discount on Adams' January level, when Keep first acquired its stake. The Groveland Group of motor distributors, headed by Mr Vasant Advani, holds a 14.39 per

cent stake in Adams, which it also acquired in January. Mr Advani then said that he had no intention of making a full bid for the company.

Keep's explanation for the offer was that Adams' business—situated in Tyneside—would be complementary to its own and would give it wider geographical coverage. It pointed to Adams' trading record, which it called "disappointing." In the last full year to November 30 1984 Adams saw taxable profits rise slightly to £54,000 (£52,000) on turnover up £1.22m to £33m. This, however, was still below levels of profitability achieved in 1979.

Keep added that it may be necessary to dispose of one or more of existing dealerships "to comply with manufacturers' standard policies," but that it would be its intention to offer them to existing management. Keep close down 1p at 161p last night.

RESULTS DUE NEXT WEEK

City sees £155m at Glaxo despite setbacks in UK and Japan

Glaxo, the pharmaceuticals and foods major, is expected to report on Monday profits of at least £155m (against £147m) for the six months to December. However, contribution from Japan and the impact of conversion to reduce state drug bills comes through in lower earnings.

In March 1984 the Japanese authorities reduced the reimbursement prices for drugs prescribed within the health system by 30 per cent and the impact of this on profits from the sale of the antibiotic cefazolin were considerable. A more recent and far smaller price cut will have a limited impact on earnings from this drug and the ulcer agent Zantac in the second half.

Another factor affecting the interim will be the launch costs for Zantac, although earnings should now be coming through strongly for this new drug which in 1983-84 contributed an estimated 25 per cent of group non-wholesale turnover.

In the U.S. the profit contribution is expected to have declined with Zantac done very well and gaining up to 30 per cent in its market. The health sector is, however, rated by analysts as one which is most sensitive to currency movements, weakening visibly as the pound grows stronger.

Europe, with 27 per cent of non-wholesale turnover in 1983-84, is also reported to be ahead strongly with Zantac gaining ground across the Continent. The disposal last month of the low margin wholesale drug business, Vetric (profits of £1.3m on sales of £32.5m in 1983-84), can hardly be doing any harm to the second half and leaves behind it businesses with much stronger margins.

RTZ's £700m

Many of RTZ's subsidiaries and associates worldwide have

already reported, leading analysts to expect that on Wednesday the mining conglomerate will unveil pre-tax profits ahead 22 per cent on just under £700m and net profits of just over £200m for 1984.

In Canada, Rio Algom 182.8 per cent owned by RTZ, has announced net profits of £373.9m (£345.5m), up almost 45 per cent. Polabara of South Africa (RTZ stake of 38.9 per cent) was ahead 75 per cent on net profits of £165.2m (£127.8m).

Only in Australia was there a setback for a mining RTZ unit overseas, with a sharp fall in net profits of CRA (£2.9 per cent

owned), down to AS29.5m (£18.3m) from AS71.5m in 1983. In other divisions, RTZ Borax is expected to contribute £85m in the consolidated net, RTZ Pillar (formerly Industries), £91m and RTZ Metals £17m. RTZ Cement has been held to a contribution of £14m net.

With a new chairman, Sir Alistair Frame, and a 16 per cent rise in net profits the market is expecting that Wednesday will see a rise in the final dividend. History has tended to see the group's share price dip after results and then pick up subsequently, perhaps a higher pay

out, the interim was up 0.5p to 6.5p, might change all that.

NEI scenario

If Northern Engineering Industries had dreamt up a worst case scenario for itself it could hardly have thought up a blacker turn of events than 1984. As a result Wednesday's results are not expected to show any gains on 1983's £42.7m pre-tax and some analysts believe that the group will be hard pushed to achieve this.

Unlike many companies the currency factor ran strongly

against NEI in 1984. In the U.S. losses were made, which could not be offset against tax elsewhere. In South Africa the 66 per cent owned subsidiary NEI (Africa) showed a gain in real terms but the currency's international weakness was such that as much as £4.5m may have been lost to the consolidated pre-tax figure.

In the UK group performance is expected to have been much the same as before but the mothballing of the Gateshead plant will, the company warned at the interim point, produce a below the line charge of £25m.

What is supporting the share price at the moment faced with the risk of had been in a good contracts-in-hand position, a net cash balance that will have fallen from December 1983's £60m but will still remain strong, and the fact that the group is to maintain its dividend and so keep the gross yield up.

Rampant Hepworth

J. Hepworth & Son looks to be taking the high streets by storm. The "Next" women's wear chain has captured a clear lead in the fashion market and its brother, "Next Men," has now been successfully launched.

Having stolen such a march on its competitors, Hepworth is expected to turn in pre-tax profits for the six months to February (due on Tuesday) of just under £10m (against £8.1m). Most analysts have been marking them up as the reports of Next's successes have come through and are now looking for over £20m for the full year.

Able to fund its growth internally the group is still on the diversification trail and in the autumn will be launching in co-operation with the Debenhams Group, a chain of furnishing fabric shops.

The shares, at 190p, are close to their 1984-85 high, rising strongly ahead of the interim report. Most brokers have this one as a firm buy.

BPCC

Other major companies reporting full year results next week include, the British Printing & Communication Corporation, Hambro Life Assurance, Rugby Portland Cement, the Savoy Hotel, Telephone Rentals, RMC Group, Telephone Rentals and the Ward White Group. Interim results are due from McKerrich Brothers.

Trans Services pays £33m for New York jeweller

By Lionel Barber

Transcontinental Services, the mauring investment company set up by Mr Jacob Rothschild, yesterday announced a deal worth £41m (£33m) to buy Seligman and Latz, a New York retailer of fine jewellery and beauty services.

Transcontinental, run from New York and listed in London, has formed an investor group which includes the former chairman of I.T.T. Mr Harold Geneen, to conclude the deal.

The group has contracted to acquire 27 per cent of the outstanding shares of Seligman and Latz now owned by

affiliates of City Stores Corp. and has an option to buy another 26 per cent, owned by the founding families of Seligman and Latz. The deal is conditional on financing should be completed within 60 days.

Once the Geneen group has concluded this deal, it will offer to buy out the rest of the Seligman and Latz shareholders at \$19.50 a share.

Transcontinental said it expected Seligman and Latz's current management to remain. Mr Stanley Cohen, Transcontinental's president, and Mr Geneen will join the board.

Norscot Hotels coming to USM via share placing

By Martin Dickson

NORSCOT HOTELS, a Scottish group which has one properties including the Royal Golf Hotel, next to the celebrated Dornoch golf course, is joining the American Securities Market through a placing of 1.8m shares at 113p, giving the company a £5.5m market capitalisation.

Eight of Norscot's hotels are in some of Scotland's main tourist areas in the Highlands and Islands and has recently bought its first hotel in England—the Windermere Hotel in the Lake District. The company had pre-tax profits in the year to January 27, 1985 of £486,000 on turnover of £3,08m.

At present its main shareholder is Burnthills, a private industrial company in which Mr Peter Ross, the Norscot chairman, and his wife have an 88.9 per cent stake.

The shares being placed will represent 31.5 per cent of Norscot's enlarged share capital. Some £17,000 shares are being retained by Burnthills, which will retain 50.01 per cent of the enlarged share capital. Some £30,000 are new shares which will be raised £320,750. The Highlands and Islands Development Board, which has given considerable grants to Norscot, will hold some 15 per cent of the equity.

The shares were placed yesterday by Hambros, the merchant bank and brokers L. Messel and Stirling-Holroyd. Dealings are expected to begin next Thursday.

Norscot has net assets per share of 80p and the placing price puts it on a historic p/e of 16.1, assuming a nominal 35 per cent tax charge. In fact the company paid 2 per cent which brings the p/e ratio down to 10.4.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding div. of year	Total for year	Total for last year
Agnacutum	1.5	June 3	1.3	2.25	2.05
Breakmate	1.4	June 3	1.3	2.25	2.05
Chepstow Racecourse	1	June 3	1	1	1
Dinkle Hill	0.35	July 1	0.35	0.55	0.55
Gill & Duffus	6	July 1	6	10	10
Hawker Siddeley	7.7	July 1	7.1	17.5	11
Kwik Save	Int.	July 1	1.2	4.1	4.1
Laidlaw	1.4	June 5	1.4	2.5	1.56
Microlease	2	June 5	2	2	2
Scottish TV	Int.	June 5	6	8.8	8.1
UDC	6.5	June 7	6.5	2.5	3.5
Use Change	2.5	June 21	2.5	3.5	3.5

Dividends shown pence per share not except where otherwise stated. Increased by rights and/or acquisition issues. * USM stock.

UK COMPANIES

INTERNATIONAL COMPANIES and FINANCE

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid	Bidder
Price in pence unless otherwise indicated.					
Adams & Gibson	240*	238	234	4.32	Keep Trust
Alfred Textile	541	480	440	44.61	London & Midland
ASR Higgs	450*	445	385	9.00	Minet Int'l.
Banco Inds	116	111	85	6.34	CB Industries
Bonusholdings	345	330	225	1.19	Promotions Hse
Boaker McConnell	287½	280	259	39.29	Dee Corp
Brown (Matthew)	439½	415	323	98.12	Scott & Newcastle
Dunlop	224	244	31	32.36	BTR
E of Scot Onshrd	71	85	66	11	Ind Fin & Inv Co
Energy Services	80*	82	67	30.31	Peek Higgs
Foster Bros	215½	212	228	100.89	Sear Higgs
Raden	240*	230	232	37.18	Trafalgar House
House of Fraser	400*	396	345	430.92	Al Fayed Inv & Trust (UK)
Hurst (Charles)	200*	185	190	4.32	Garrage Sees
Imed Business Sys	40*	38	40	5.40	Wealaborator Int'l
Initial	80*	86	73	7.30	Gt Midland Co-op
Initial	504½	521	533	169.54	BET
Jackson J & H. B.	115*	114	84	27.29	Williams Higgs
Lake & Elliot	504*	507	511	7.95	Sater
Manor National	11½	104	13	2.00	Bransell (C.D.)
Martin (R.P.)	415*	445	420	48.65	Quadrax
MJ Corp	19	19	15	4.26	Leigh Interests
Petrol	75*	80	80	11.71	Clyde Petroleum
Petrol	854	80	81	13.36	Saxon Oil
Routledge & Kegan Paul	403½	385	283	4.39	Assoc Bank
Times Veneer	20*	51	49	1.41	C.D.I. Higgs
Teal	724*	71	63	128.46	Entrad Corp
Telford Computer	781	75	70	1.99	Place Place
USM	188½	186	158½	11.00	Noreros
Waring & Gillow	160*	147	135	24.95	Hopcastro

* All cash offer. * Cash alternative. † Partial bid. ‡ For capital not already held. § Unconditional. ** Based on April 12, 1985. †† At suspension. ‡‡ Shares and cash. †† Related to NAV to be determined. †‡‡ Loan stock. †‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year	Pre-tax profit (£000)	Earnings per share (p)	Dividends per share (p)
Ash & Lacy	Dec	2,870	(3,410)	32.9
Aurora	Dec	6,890	(3,190)	3.8
Ayrshire Metal	Dec	338	(56)	—
Baird, William	Dec	11,860	(10,490)	47.5
Barnard Ass	Dec	5,470	(4,600)	2.85
Brit Dredging	Dec	3,350	(1,210)	5.0
Burnham Oil	Dec	70,000	(64,900)	27.6
Centraway Ind	Dec	58	(275)	—
Condor Group	Dec	363	(4,680)	—
Connells Est Ag	Dec	1,750	(1,510)	8.2
Cussons Perf	Dec	1,330	(1,590)	18.5
Ely (Whitby)	Feb	4,773	(3,890)	19.9
Erith	Dec	1,300	(1,350)	6.3
Exeter Build	Dec	382	(659)	10.1
Exlands	Dec	54	(32)	18.3
Expamet Int'l	Dec	3,350	(2,785)	9.5
Farmer, S.W.	Dec	1,530L	(529)	—
Fitch & Co Des	Dec	1,340	(1,020)	11.9
Fothergill & Ryv	Dec	2,570	(1,030)	11.8
French Connect	Jan	3,040	(3,270)	—
Gaskell Broad	Dec	1,200	(1,350)	6.3
Greenbank Ind	Dec	1,400	(1,680)	3.2
Greenfields	Oct	1,400L	(459)	—
Helene of London	Dec	1,400	(998)	2.7
Hewlett-Stuart	Feb	6,350	(4,370)	5.0
Huglin	Dec	2,950	(2,060)	—
Hunting Pet	Dec	5,590	(5,970)	18.1
Jerome, S.	Dec	386	(417)	7.6
Lea Refrigeration	Dec	3,350	(5,040)	36.4
Lea & Co Int Adv	Dec	1,620	(579)	—
Low, Robert	Oct	640L	(535)	—
Macfar (Claus)	Dec	3,010	(2,520)	12.8
Molins	Dec	6,000	(7,100)	—
M.V. Dart	Dec	301	(272)	1.6
Neill, James	Dec	3,630	(733)	16.8
Pearl Ass	Dec	14,530	(16,790)	—
Peck Higgs	Dec	7	(32)	4.5
Pres Enter	Dec	869	(730)	—
Provincial Ins	Dec	3,690	(7,340)	24.8
Riley Leisure	Dec	1,230L	(2,540)	—
Rutherford	Dec	6,600	(5,550)	24.7
Sharn Ware	Dec	105	(805)	2.6
Solex	Dec	388	(364)	5.6
Sparrow, G.W.	Dec	234	(1,350)	—
Stanley, A.G.	Dec	1,780	(598)	—
Steel Rurit	Dec	3,650	(1,390)	18.0
Sunlight Elect	Dec	402	(179)	0.5

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends per share (p)
Arcen Group	Feb	60	(79)L
Dawling & Mills	Dec	1,780	(1,240)
Druck Higgs	Dec	712	(887)
Ferry Pickering	Dec	882	(751)
Fisher, Albert	Feb	1,450	(411)
Floyd Oil Part	Dec	681	(165)
Jayplant	Nov	65	(54)
Lon & Prov Shog	Dec	1,110	(905)
Martins Ind	Jan	2,650	(2,037)
Rivlin, I.D. & S.	Oct	42L	(13)
Smith Ind	Feb	20,180	(14,630)
Young, H.	Jan	313	(30)

(Figures in parentheses are for the corresponding period.)
* Dividends are shown net pence per share except where otherwise indicated. † Profit after tax. ‡ Figures for eight months.
L Loss.

Rights Issues

Rivlin, I.D. & S.—Rights issue of 508,297 shares on a one for eight basis.
Satchell & Satchell—To raise £98m through a rights issue of five conv pref shares of £1 for every two ordinary shares held.

Offers for sale, placings and introductions

Asda Property Holdings—Offer for sale of 315m shares at 172p per share.

Public Works Loan Board rates

Years	Effective April 11	Non-quota loans A* repaid
1	12 12 12	12 12 12
2	12 12 12	12 12 12
3	12 12 12	12 12 12
4	12 12 12	12 12 12
5	12 12 12	12 12 12
6	12 12 12	12 12 12
7	12 12 12	12 12 12
8	12 12 12	12 12 12
9	12 12 12	12 12 12
10	12 12 12	12 12 12
11	12 12 12	12 12 12
12	12 12 12	12 12 12

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. * Equal instalments of principal. † Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). ‡ With half-yearly payments of interest only.

Aid agreed for Banco Urquijo Union

By David White in Madrid

SPAIN'S main private banks are to assume the major share of a Pta 50.6bn (£290m) support package for Banco Urquijo Union, the troubled industrial banking arm of the Hispano Americano group.

The rescue plan, announced after negotiations between Banco Hispano Americano—the country's third largest bank—and Bank of Spain, means that the commercial banking system will have to increase its contribution to the bank "lifeline" body, the Deposit Guarantee Fund.

The fund, the resources of which are provided half by Bank of Spain and half by the commercial banks, is committed to buying up Pta 25.6bn worth of unprofitable assets, shareholdings and credits— from Banco Urquijo Union.

As part of the agreement, which has received the go-ahead from Sr Miguel Boyer, Economy and Finance Minister, it is proposed that banks should in future raise their contributions to the fund from 0.1 per cent to 0.12 per cent of their total liabilities.

In addition, the other "Big Seven" banks are to buy Pta 15bn worth of assets, and Hispano Americano itself Pta 10bn worth.

The aid package comes after Hispano Americano was forced to omit dividends and to set its entire 1984 trading profit of Pta 25bn aside in provisions, mainly for the industrial banking offshoot.

Banco Urquijo Union is the result of merger last year of two banks taken over by Hispano Americano since 1982— Banco Union and Banco Urquijo. Both takeovers were carried out with Bank of Spain aid, but it became clear late last year that the targets of the recovery programme could not be met.

Sr Claudio Borda, the new Hispano Americano chairman put in to negotiate the latest rescue, said that Banco Urquijo's problems were now "definitively solved". But he refused to say if Hispano Americano would resume dividends for 1985.

Goldsmith outlines Crown bid funding plans

By Our Financial Staff

SIR JAMES GOLDSMITH, whose £42.5m share bid for Crown Zellerbach has been rejected, will repay loans used to take control of the forest products company from funds generated by Crown Zellerbach assets including the sale of Crown assets.

GOSL Acquisitions, the company through which Sir James is making the offer, said in proxy solicitation material that it may buy up to 18m shares in Crown, about 70 per cent of the total, if Crown redeems rights to shareholders designed to prevent takeover.

GOSL said it would need about \$845m to buy 19m shares, including expenses. About \$95m would come from General Oriental Investment Limited Partnership, which owns GOSL, and about \$400m from placement of debt and equity securities of one or more of GOSL's parents.

A further \$350m would come from an \$850m loan being negotiated with a syndicate of commercial banks. Interest on the annual rate of 1 per cent over loan would be payable at an U.S. prime rate, and the banks will have first security in assets owned or acquired by GOSL.

Partners of Colorado-based Fox & Co, the 18th largest U.S. accounting firm, and Chicago-based Alexander Grant & Co have approved a merger from May 1 which will create the ninth biggest U.S. accounting firm with expected 1985 revenue of \$225m.

There had been speculation that the merger, which was originally announced earlier this year, might be delayed because of problems Grant is encountering from its audit of ESM Government Securities, the collapse of which indirectly sparked the Ohio savings bank crisis last month.

A former Grant partner has been accused by U.S. Federal authorities of taking \$125,000 from three ESM officials to certify false financial statements.

Unireal, the U.S. tyremaker for which investor Carl Icahn is threatening to make a hostile tender offer, said it is willing to consider.

Mr Joseph Plannery, chief executive officer, said the company had "received calls from a great many [suitors] who are interested in talking to us". He added that in a call to Mr Icahn earlier this week, he tried to discourage him from making a tender offer.

Mr Icahn has said he would offer \$18 a share for more than 51 per cent of Unireal's shares, valuing the company at \$610m. The tender offer would be contingent on the rejection by shareholders of anti-takeover proposals.

E. F. Hutton, the Wall Street brokerage and investment bank, expects to report first-quarter per share earnings up between 50 and 80 per cent from the 92 cents earned in the year-ago period.

The expected increase is the result of substantially higher revenue from investment banking and brokerage commissions. Investment banking revenue was up about 40 per cent from a year earlier, buoyed by a "multi-million dollar" fee for advising Rockwell International on its \$1.65bn acquisition of Allen-Bradley, the factory automation group.

In last year's first quarter, Hutton and other securities companies suffered from depressed market conditions.

Cox Communications, the Atlanta-based broadcasting and cable TV group, said its board would take no position on the \$75 a share cash tender for the company launched by the Cox family, which owns about 40 per cent of the shares.

The company said shareholders would have to decide for themselves on the bid, which values the group at \$2.1bn.

EUROMOBILIARE, the Milan-based investment banking group which is 50 per cent controlled by Sir Carlo de Benedetti, is joining forces with Olivetti, Pirelli, Paribas and others to form a new venture designed to take equity stakes in unquoted companies and eventually to bring them to the bourse.

Dr Alberto Milla, president of Euromobiliare, said the new company would have an initial capital of L20bn (\$10m). The aim of the new venture, which will be formed this Wednesday, is to purchase share participations in medium-sized Italian companies (with annual turnover of more than L50bn) and then to bring them to the stock market within two or three years.

West Germans open bond sector to foreign managers

By John Davies in Frankfurt

WEST GERMANY is further liberalising its capital markets by allowing subsidiaries of foreign banks to lead-manage foreign D-mark bond issues from May 1—but Japanese banks will be excluded until Japan takes further steps to open up its own financial markets.

Under the new arrangements the Bundesbank, the West German central bank, is also dropping its longstanding opposition to some Euro-market instruments, such as floating rate notes. It remains opposed, however, to the issue of D-mark certificates of deposit.

Until now, West German banks have had a solid grip on the lucrative business of organising the issue of D-mark bonds on behalf of foreign borrowers. The amount raised in this market has risen rapidly to more than DM 19bn (\$6.17bn) last year, compared with DM 5.7bn in 1981.

The "calendar" of issues has so far been arranged through a capital markets sub-committee on which six leading banks have been represented. In what is presumed to be its final meeting, this body yesterday set a programme of foreign D-mark issues totalling DM 1.75bn to the end of this month.

In opening up the market, the Bundesbank has not specifically discriminated against Japan, in gentlemanly but firm language, it indicated that foreign banks can lead-manage issues only if West German banks have the same rights in those foreign countries.

In Frankfurt banking circles this is clearly understood to exclude Japan. An executive of Nikkei Securities in Frankfurt said he believed that Japan's exclusion was unfair but he was optimistic that it would be lifted within a couple of months.

The right to lead-manage foreign D-mark bonds applies to

foreign banks which have an independent legal entity in West Germany. This means that banks which only have branches, such as Bank of America and some French banks, must change their legal status—a process which could take perhaps three to six months—before qualifying.

Lead-managers are to report their issue plans to the Bundesbank, which intends to keep its close supervision of the market. The central bank is expected to continue to seek to influence events on occasion by asking for co-operation.

The Bundesbank has indicated that it wants foreign banks to organise and follow-through their operations within West Germany rather than largely organising from abroad a temporary flurry of activity.

The new arrangements apply to issues with a five-year period for public borrowers and three years for private placements.

Keppel Shipyard plunges \$5174m into red for year

By Our Financial Staff

KEPPEL SHIPYARD, the Singapore Government-controlled shiprepair group, slid into loss last year, largely as a result of the burden incurred in its acquisition of Straits Steamship the shipping and energy services company.

Mr Sim Kue Boon, Keppel's chairman, said the group was trimming operations to cut costs and seeking ventures outside Singapore. "We shall return to profitability in two years," he forecast.

Attributable loss reached \$517.37m (US\$78.51m) in 1984, compared with a \$880.04m profit the previous year.

Turnover grew from \$866.90m to \$897.97m, and at the operating level the position improved, showing profits of \$378.1m against \$353.1m. But a revaluation of vessels and fixed assets brought a \$313.9m extraordinary charge.

The annual report said: "Under present market conditions, the directors do not

expect an improvement of the group's operating results in 1985." Keppel cut its dividend to 7.5 cents gross from 13.3 cents, less severe a reduction than some analysts had feared.

Mr Sim highlighted the interest payments drain which resulted from the Straits Steamship purchase at the end of 1983.

Straits Steamship itself, which has been labouring under a decline in its cruising business as well as high interest rates, yesterday reported a widening in its own losses, from a net \$813.97m to \$828.57m for 1984.

This included extraordinary charges of \$55.75m, against \$55.45m. Turnover was down to \$226.43m, from \$226.28m.

At the same time, Far East Levingston Shipbuilding, Keppel's rig construction subsidiary, lifted full-year net earnings to \$232.29m, compared with \$217.19m. This was despite a fall in sales from \$319.35m to \$315.63m, and a \$6.72m extraordinary debit for 1984.

Bond pulls out of Arnotts takeover move

By Gordon Cram

BOND CORPORATION of Perth has ended its A\$435m (US\$292m) takeover attempt for Arnott's Australia's leading biscuit maker, and has sold its stake at a profit of about A\$8m.

Bond said yesterday it had sold its holding to Myeltime and Sydnor Nominees—two companies believed to have been nominated by the Arnotts board—and would end its legal challenge to a defence move by Arnotts made in the course of the bitterly contested three-week bid.

Within days of the offer being launched, Arnotts placed a parcel of shares with Campbell Soup of the U.S., raising its stake to some 10 per cent.

The placing was made at A\$4 a share, compared with the A\$4.20 originally offered by Bond, and the A\$4.50 which it was prepared to pay once it had gained 90 per cent acceptance. The selling price announced yesterday was A\$4.90 a share.

Brazilian writedown hits First Chicago

By Our Financial Staff

FIRST CHICAGO, holding company for the eighth largest U.S. bank, has suffered a 23 per cent fall in first-quarter net earnings, due principally to a \$15.8m writedown of its investment in a Brazilian affiliate.

Net earnings dropped from \$49.8m or 97 cents a share in the 1984 quarter to \$38.3m or 85 cents. Assets at the end of the quarter were \$40.6bn, up from \$35.9bn a year earlier, while loans were up from \$22.2bn to \$23.6bn.

The bank said the problems experienced by its Brazilian affiliate were "entirely separate from First Chicago's direct loan exposure to Brazil of approximately \$860m." The affiliate, Banco Denasa de Investimento, is 44.5 per cent owned by the U.S. bank.

The first-quarter loan loss provision rose to \$80m from \$60m in the fourth quarter of 1984, and compares with a \$306m provision in the third-quarter caused by a number of loans in the energy, agricultural and shipping sectors.

Mr Barry Sullivan, chairman and chief executive, said the bank's basic earnings power was strong in the first quarter. Net interest income rose to \$258.3m from \$207.7m.

Charge-offs on the consumer loan side rose from \$6.8m to \$20m following rapid growth in the credit card portfolio, which will slow somewhat as the year continues.

Total non-performing loans in the first quarter grew to \$768m from \$758m at December 31. Charge-offs were \$65.3m, up from \$46.2m in the final quarter of 1984.

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Oristol-Myers E4614 (1974)
 QSN FFR103 E203 (1914)
 Cadbury Schweppes Aust 128 (1918)
 Canada North West 24 Mill Oil Bk 110143

Central Northern Gold Mines 9 1045
Continental Ironworks 2500 1045
Crescent Ironworks 2500 1045
Central Victorian Gold Mines 9 1414
Cheng Kong Holdings 1500
Cold Storage Holdings 104 100 1045
Colco J.L. 2030
Southern Deep 850 7 87
Square Gold and Mins 12
Standard Oil of Indiana 547
Standard Oil of Ohio 135.50
Stirling Fecl 25
Stockpile Tech Ccpn 137; (414)

Comalco 1520
Comalco Corp 209 (10/4)
Conex Aust 3
Cons Pet Aust 28100 (10/4)

[illegible]

Treasure Valley Exploration 60¢ (3/4)
Tri-Arc Energy 31¢ (2/4)
Tri-Basin Resources 45 (10/4)

Emerson Elec 5574 (1944)
Everpro Indus Enterprises 1250
Far East Consortium 310 (1944)
Full Photo Film 538 40 (1044)
Futurity Oils 15 (1944)
General Dynamics Corp 5554
General 1A 5570 (1944)
Tri-Continental Corp 519
Unilever (PI 24) 5794, 80, 300 F (4 42)
Union Pacific Corp 538 r (1944)
Uniphon 5564 (4/4)
Vanguard 248
Vega AG 5474 (1944)
Volkmann 5554
AG 593 (4/4)

Gold and Min Expl 2140 (10/4)	Westport Petroleum 9 (4/4)
Goldcorp Mines 6619 (4/6)	Westgrowth Petroleum 25 (4/4)
	Westinghouse Electric U.S. 529 1/2

Goodyear 71re and Rubber 221% (10M)
 Gould Inc C11%
 Greasbush Tin 710 88 9
 Greenvale Mtn 1490 51 2% (914)
 Grange Brucelles Lambert 225% (1014)
 Greenwood Res 95 195 51
 Harde (James) Inds 138 9141
 Whetlock Marden A 720 3 4
 Wheelock Marden 5 6 1
 Woolworths (ASD) 501 167 (914)

RULE 535 (2)

Herland (John H.) L254
Harpport Energy 1450
Helleman (F.) Brewing £(4, 1414)
Helmholtz (H.) 1414

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Hemingway Mine and Smelters 24 11044	Atchafalpa National Blvd Soc 71pc 75.5
Hewlett Parkers 227.1 11041	20448 11041
Hill & Gold Mines 17 11044	Airship Index 20 (11041)
Hilbert 240 71 11041	411nd Entertainment 120 (
HK-TV 451 6141	Amo-Am Agric 211.1 5

Hong Kong and Kowloon Wharf and
Gardens RA
Hong Kong Elev. Hides 740 8(0 2 1414)

Humana Inc 144274	Business Meritages 145
Humco Inc 1212	Cambridge Inc Ln 1095 270 1 (4 41)
Hussey Inc 1277 (1141)	Caamco 81 Inc 20 12 (9 4)
Hussey Corp 51 4 (1014)	Carsun 11 2
ICI Aust 102 14161	Chemical Waste and Props 2 (141)
Imaging Facility 338 19181	Computer Services 100 1 14 44
Intel Corp 622 10	Constar 151 180

Int'l Map & A 1-7 15131
Int'l Org & Tech 179 1614
Lardine Soc 1176

Hanson and Johnson E534 1014)
 Hines Mine 1497.2P1 156 11P14)
 K544 Koninklijke Luchtwart MIX 13.550
 79.31
 Kallap E57-10 64(4)
 Kern Corn 70
 Klinton Gold Mines 2380 430 5 n 80
 Drampier Hides 33 4
 Gailar L 10 15 4 6
 Dourgas Gas Light 120
 Hard Rock Cals 48 53
 Havelock Brewery 111 10 0 3n 1104)
 Hens Brewery 790 000 1104)
 ICE Gro 115 84 0 85
 Communications

Lambda Tech 414 7 (1984)
 Leonard Dil 01 14/81
 Little (FL) 40876 (10/81)

Little Silver Gnd Mining \$200 11043
Loral Corp C73A 191A1
Marmillon Rntel E14, 434A
Macquarie Oil & Gas 191A1
Mave 19, H. K33B 1101A1
Manmetman AG 9M1A1 1101A1
Marco Res 195A 1101A1
Jewett New Waterworks 280P1 73 191A1
Lorac 187 73 191A1
Kunkin Leisure 44: 5 6
Lendrum Instruments 29 1A1
Le Sieles Stipes 432 5 4A
Limehshire Standard 290
Lone Exptn 50 1101A1

Merritt: Corp £541 1941
 May Department Stores £581 (1941)
 McCarthy Group 115 13141
 McDonald's Corp £172 81 1941
 Manchester Bldg Co 320 4 1941
 Mercantile 120 30 1941
 Newbury 94Pcourse £740 750 800 61
 1941

MCI Communications 750 (9/81)
 Mercedes-Amomibi HSD 0533 14(41)
 Minnorp Pe 5 (9:11)
 Motor-Hennepin FF18850 19100 1920
 Newline 955 41(41)
 Mount Carlington Miac 43 (9/4)
 Mounds Minto 15 (9/41)
 New Court Pines 185 19(41)
 Norton Villers Trumpan 31; 4 1 (4/43)
 Osham East
 Opeky Mountain Oil and Gas 99 100 (6/4)
 Sherbrooke Neame 030 5
 Sinclair Owehew E10.03 19 (4)
 Soudstream 143 50 14, 4

Myr Emorium 98 105 2 (9/4) 80Kc Tape 411 5 19/41
National Elev (Conrad) 115 40 4 9 Southern Newspapers 122 4 3, New 192
NedBank Group 3950 (9/4) 5 3 1
Nobel Bank Corp 21 Sturge Hides 365 70 (9/4)

RULE 535 (3)

Oil Search 14 1/2, New 1st (pd) 36 2 1/2 3/4
Oilmet 9es 5 1/2 (3/28)
Overseas Chinese Banking Corp 280 (9/4)

Palabora Mng 750c	exploration.
Perkin-Elmer £19.70	
Petroleum Secs Aust 85 1/2 (10/4)	Colific Basin Oil Expln (£1) 10 15
Phillips Morris Inc 57 1/2 (9/4)	19(4)
Pleco Elec Prods 30 (4/4)	Kenmare Oil Expln (1120.25) 5 1/2
Pine Vale Invests 10 1/2 (9/4)	(8y permeation of The Stock
Pioneer Concrete Services 0.3	

Placer Deptt £(S 14/4) Exchange Council)

APPOINTMENTS.

Top posts created at BR

BRITISH RAILWAYS BOARD **ENERGY AUTHORITY** from
has appointed Mr J. K. Welsby, April 1 1985 to March 31 1985
director, manufacturing and Mr Cootesby Allday, and

maintenance policy, to the new post of managing director, professor Norman Lawrence Franklin have been resppointed pa

curement and special projects, at board headquarters. Mr Welsby will continue to have responsibility for the review of manufacturing and structures, including time members until March 1986. Mr Parker is chairman and managing director of the Favor Parker Group. Mr Alldred is chairman of the

ing the further development of a "symmetrical" relationship is chairman and chief executive of British Nuclear Fuels. Professor Franklin, who is profes-

between BR and its subsidiary British Rail Engineering Limited (BREL). Mr Welshy will direct and co-ordinate all activities

aimed at determining the future size and shape of BREL, and the and of BNF. ★

size, shape and organisation of the maintenance and repair activities. He will also be responsible for implementing the

Board's recently published criteria for competition for the procurement of goods and services has appointed Mr Graham.

responsibility. Mr Welsby will undertake a number of special projects. The first will be to con-

flouze the review and reduction of general expenses begun by the

Mr Martin Hynes has been appointed financial director of AUDIO KINETICS. He was previously company accountant.

Urquhart, a member of the main board, gives up the post of chair-

man of BREL. Mr Philip A. Norman, managing director, becomes chairman and managing director from May 1, and Mr

Mr. Derek Heap has been

Mr Martin Shzars has been appointed director of **ASTLEY & PEARCE (STERLING)**.

Whiting has retired 25 manag-

ing director of Hamlyn Publishing, but will remain a member of the board in a consultative role until September 30.

financial accounting and corporate planning. He comes SERICOL INTERNATIONAL, Burmah Specialty Chemicals.

from BAT Stores where he was financial director for International Stores.

[illegible]

LEISURE—Continued

